

DEPOSIT CENTRAL SCHOOL DISTRICT

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

Emphasis of a Matter

During the year ended June 30, 2021, the District adopted Government Accounting Standards Board (GASB) Statement No. 84, "Fiduciary Activities." As discussed in Note 16 to the financial statements, net position as of June 30, 2020 for the Governmental Activities and Fiduciary Activities, and the fund balance for the Governmental Funds were restated to reflect this change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; budgetary comparison schedules; Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plans; Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability; Schedule of Changes in the School District's Total OPEB Liability and Related Ratios; and related notes on pages 4-4i and 47-56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit; Schedule of Project Expenditures - Capital Projects Fund; Schedule of Net Investment in Capital Assets; Balance Sheet - Non-Major Governmental Funds; and Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds (supplementary information) on pages 57-61 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements 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 supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

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

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 13, 2021

DEPOSIT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2021. This section is a summary of the School District's financial activities based on currently known facts, decisions, 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 expenses exceeded revenues by \$1,434,322 in 2021 compared to expenses exceeding revenues in the amount of \$1,282,860 in 2020.
- Liabilities and deferred inflows of resources of the School District exceeded its assets and deferred outflows of resources at June 30, 2021 by \$28,892,858 (net position deficit), largely due to other postemployment benefits liability of \$56,763,988.
- The General Fund budgeted expenditures were underspent by \$1,373,049, while revenues were less than estimated by \$58,734.
- The School District invested \$649,236 in capital assets; depreciation was \$983,045.
- The School District's total debt obligations decreased \$752,981 during the current year mainly due to principal payments on long-term debt.
- Unassigned fund balance in the General Fund showed an decrease in 2021, from \$888,705 to \$703,177. Total General Fund fund balance, including reserves, was \$3,731,240 at June 30, 2021, compared to \$6,617,795 at June 30, 2020.

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 with all other Non-Major Funds listed in total in one column.

DEPOSIT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

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 that further explains and supports the financial statements with a comparison of the School District's budget for the year, a Schedule of Changes in the School District's Total Other Post-Employment Benefits (OPEB) Liability and Related Ratios, 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, deferred outflows of resources, liabilities, and deferred inflows of resources. 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, deferred outflows of resources, liabilities, and deferred inflows of resources) 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 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 on 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.

DEPOSIT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The School District's combined net deficit for fiscal year ended June 30, 2021 increased. Our following analysis focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the School District's Governmental Activities.

Figure 1

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change 2020-2021</i>
	<i>2021</i>	<i>2020</i>	
<i>Current Assets</i>	\$ 6,844,348	\$ 3,530,294	\$ 3,314,054
<i>Noncurrent Assets</i>	2,492,372	5,758,614	(3,266,242)
<i>Capital Assets, Net</i>	20,678,993	21,120,309	(441,316)
<i>Total Assets</i>	30,015,713	30,409,217	(393,504)
<i>Pensions</i>	3,570,105	3,095,241	474,864
<i>Other Postemployment Benefits</i>	9,952,353	7,033,835	2,918,518
<i>Total Deferred Outflows of Resources</i>	13,522,458	10,129,076	3,393,382
<i>Current Liabilities</i>	3,869,486	3,743,242	126,244
<i>Noncurrent Liabilities</i>	63,140,654	58,758,233	4,382,421
<i>Total Liabilities</i>	67,010,140	62,501,475	4,508,665
<i>Pensions</i>	1,711,295	985,447	725,848
<i>Other Postemployment Benefits</i>	3,709,594	4,509,907	(800,313)
<i>Total Deferred Inflows of Resources</i>	5,420,889	5,495,354	(74,465)
<i>Net Investment in Capital Assets</i>	13,015,108	13,027,352	(12,244)
<i>Restricted</i>	5,687,856	5,332,026	355,830
<i>Unrestricted</i>	(47,595,822)	(45,817,914)	(1,777,908)
<i>Total Net Position (Deficit)</i>	\$(28,892,858)	\$ (27,458,536)	\$ (1,434,322)

Total assets decreased 1.29%. This change stems from decreases in the School District's noncurrent restricted cash through appropriation of capital reserves and proportionate share of the NYSTRS net pension asset converting to a liability in the current year. Capital assets, net, decreased as depreciation expense exceeded capital outlay.

Deferred outflows of resources increased 33.50% and deferred inflows of resources decreased 1.36%. The change in deferred outflows and deferred inflows of resources is the 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.

DEPOSIT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

Total liabilities increased 7.21%. This change stems largely from an increase in the School District's total OPEB liability as well as the NYSTRS pension asset converting to a liability.

Total net position (deficit) increased 5.22%, primarily due to expenses over revenues as discussed below.

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

Figure 2

<i>Changes in Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change 2020-2021</i>
	<i>2021</i>	<i>2020</i>	
<i>REVENUES</i>			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 64,401	\$ 100,234	\$ (35,833)
<i>Operating Grants</i>	1,436,535	1,126,256	310,279
<i>General Revenues:</i>			
<i>Real Property Taxes</i>	7,824,217	7,605,721	218,496
<i>Real Property Tax Items</i>	579,982	595,615	(15,633)
<i>State Sources</i>	7,188,490	7,498,798	(310,308)
<i>Use of Money and Property</i>	235,282	70,242	165,040
<i>Other General Revenues</i>	309,179	426,144	(116,965)
<i>Total Revenues</i>	\$ 17,638,086	\$ 17,423,010	\$ 215,076
<i>PROGRAM EXPENSES</i>			
<i>General Support</i>	\$ 2,674,010	\$ 2,337,277	\$ 336,733
<i>Instruction</i>	14,453,561	14,304,479	149,082
<i>Pupil Transportation</i>	1,139,000	1,249,646	(110,646)
<i>School Lunch Program</i>	566,550	522,906	43,644
<i>Interest on Debt</i>	239,287	291,562	(52,275)
<i>Total Expenses</i>	\$ 19,072,408	\$ 18,705,870	\$ 366,538
<i>CHANGE IN NET POSITION</i>	\$ (1,434,322)	\$ (1,282,860)	\$ (151,462)

Total revenues for the School District's Governmental Activities increased 1.23%, while total expenses increased 1.96%. The change in total revenues is primarily due to increases in the real property tax levy and in operating grants relating to school lunch.

The increase in program expenses is primarily due to an increase in maintenance expenses within the general support function, as well as a net increase in OPEB and pension expense in the current year.

DEPOSIT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

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

Figure 3
Sources of Revenue for 2021

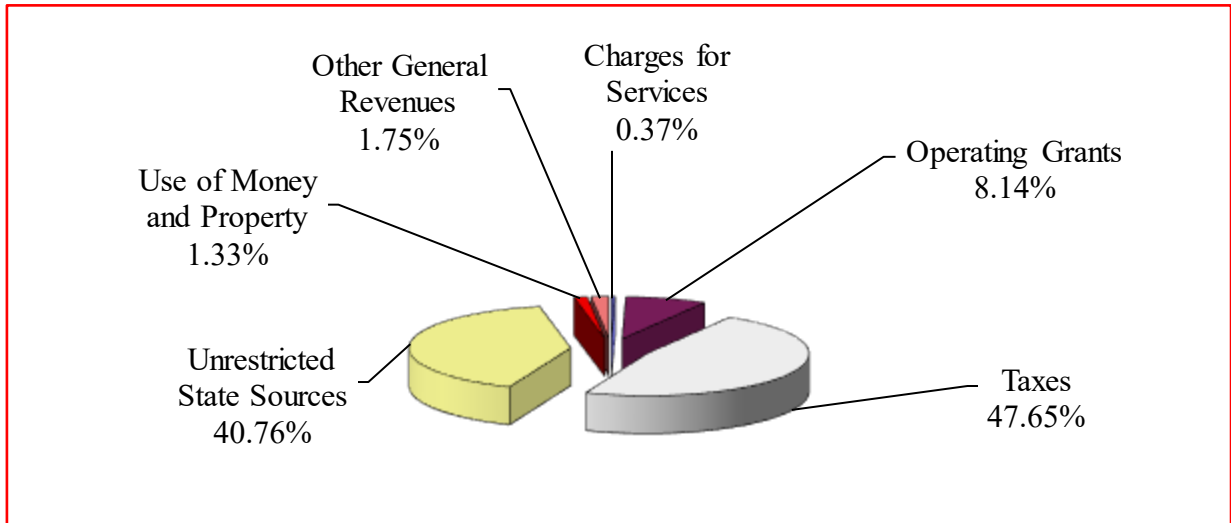
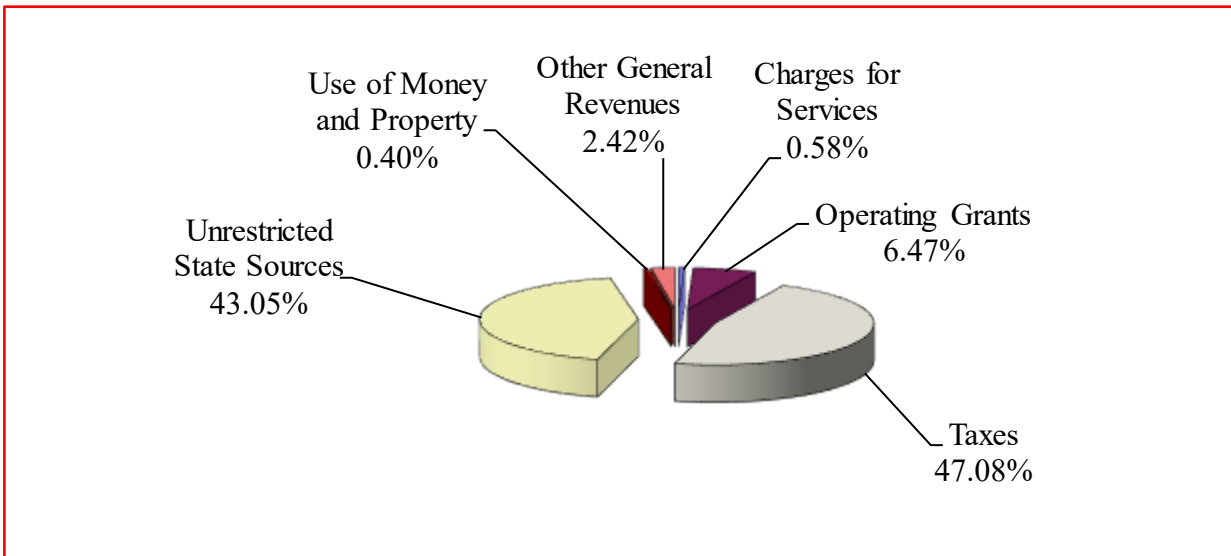


Figure 4
Sources of Revenue for 2020

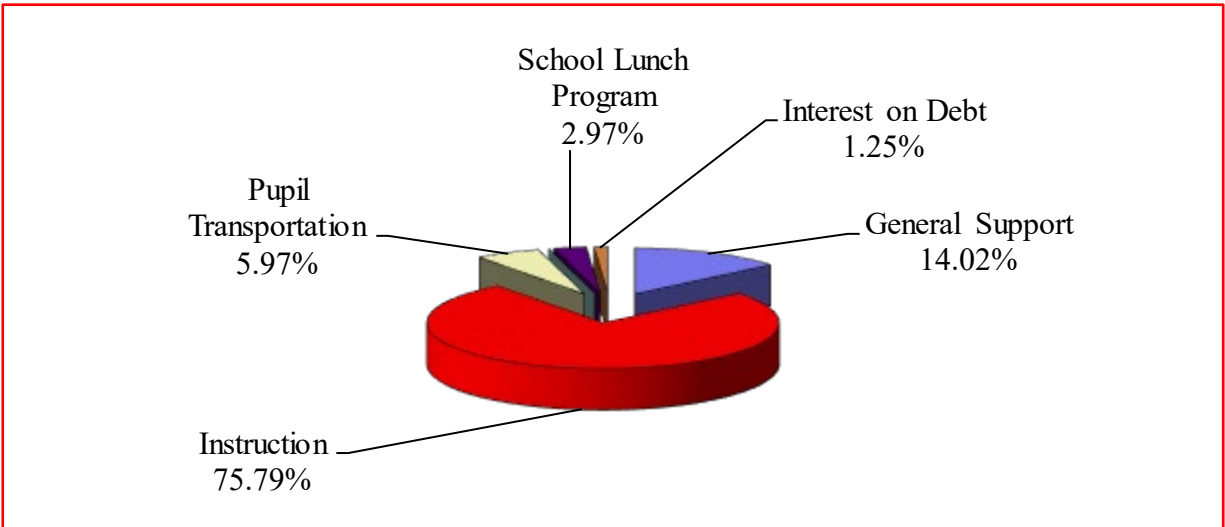


DEPOSIT CENTRAL SCHOOL DISTRICT

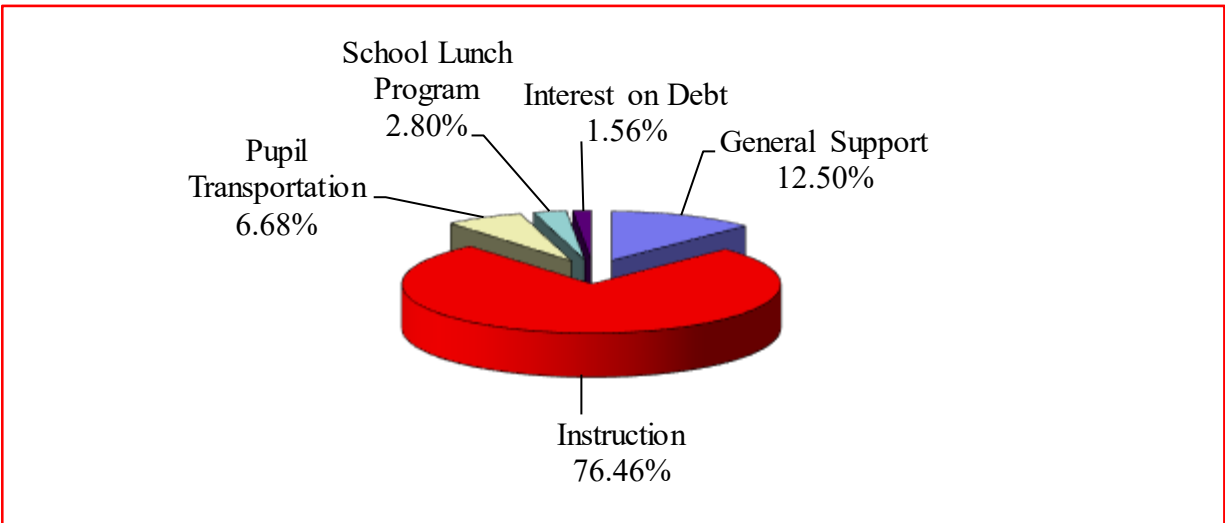
MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

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

***Figure 5
Cost of Programs for 2021***



***Figure 6
Cost of Programs for 2020***



DEPOSIT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Figure 7 shows the changes in total fund balances for the year for the School District's Governmental Funds. Total fund balances increased by 11.38%. This is largely attributable to excess revenues and other sources over expenditures and other uses within the Capital Projects Funds, partly offset by the use of reserves in the General Fund.

Figure 7

<i>Governmental Fund Balances</i>	<i>2021</i>	<i>2020</i>	<i>Total Dollar Change 2020-2021</i>
<i>Major Funds:</i>			
<i>General Fund</i>	\$ 3,731,240	\$ 6,617,795	\$ (2,886,555)
<i>Capital Projects Fund - Construction</i>	2,624,052	(543,119)	3,167,171
<i>Capital Projects Fund - Buses</i>	(813,752)	(823,457)	9,705
<i>Non-Major Funds:</i>			
<i>School Lunch Fund</i>	401,151	60,776	340,375
<i>Debt Service Fund</i>	193,021	193,659	(638)
<i>Miscellaneous Special Revenue Fund</i>	32,680	32,287	393
<i>Total Governmental Funds</i>	\$ 6,168,392	\$ 5,537,941	\$ 630,451

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board of Education approved budgetary transfers that revised the School District's budget line items. The budget was amended during the fiscal year with appropriations of reserves and unanticipated revenue.

The School District received less revenue than budgeted; primarily from a decrease in federal sources. Expenditures were less than budget (with carryover encumbrances) by \$1,373,049. This is primarily due to lower than expected instruction costs related to the change to remote learning.

DEPOSIT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

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

Figure 8

<i>Condensed Budgetary Comparison General Fund - 2021</i>	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Favorable (Unfavorable) Variance</i>
REVENUES				
<i>Real Property Taxes</i>	\$ 8,257,912	\$ 7,836,426	\$ 7,824,217	\$ (12,209)
<i>Other Tax Items</i>	158,885	580,371	579,982	(389)
<i>State Sources</i>	7,499,093	7,301,121	7,204,626	(96,495)
<i>Federal Sources</i>	-	197,972	654	(197,318)
<i>Other, Including Financing Sources</i>	485,256	495,570	743,247	247,677
Total Revenues and Other Financing Sources	\$ 16,401,146	\$ 16,411,460	\$ 16,352,726	\$ (58,734)
Appropriated Fund Balances	\$ 796,444	\$ 4,113,522		
Encumbrances	\$ 155,719	\$ 155,719		
EXPENDITURES				
<i>General Support</i>	\$ 1,713,806	\$ 1,984,047	\$ 1,895,509	\$ 88,538
<i>Instruction</i>	8,022,689	7,849,303	7,265,806	583,497
<i>Pupil Transportation</i>	832,849	841,832	593,043	248,789
<i>Community Services</i>	1,000	1,000	-	1,000
<i>Employee Benefits</i>	5,375,379	5,296,933	4,884,143	412,790
<i>Debt Service</i>	1,258,586	1,258,586	1,257,761	825
<i>Other Financing Uses</i>	149,000	3,449,000	3,411,390	37,610
Total Expenditures and Other Financing Uses	\$ 17,353,309	\$ 20,680,701	\$ 19,307,652	\$ 1,373,049

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 totaling \$34,581,311, offset by accumulated depreciation of \$13,902,318. Total capital assets, net, decreased by 2.09% as shown in Figure 9.

DEPOSIT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

Figure 9

<i>Changes in Capital Assets</i>	<i>2021</i>	<i>2020</i>	<i>Total Dollar Change 2020-2021</i>
<i>Land</i>	\$ 35,378	\$ 35,378	\$ -
<i>Construction in Progress</i>	1,091,929	1,216,703	(124,774)
<i>Buildings, Net</i>	17,968,726	18,305,802	(337,076)
<i>Furniture and Equipment, Net</i>	1,582,960	1,562,426	20,534
<i>Total</i>	\$20,678,993	\$21,120,309	\$ (441,316)

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

Additions:		
Construction in Progress		\$ 275,391
Equipment		373,845
Total Additions		649,236
Less Depreciation Expense		(983,045)
Less Net Book Value of Disposed Assets		(107,507)
Net Change in Capital Assets		\$ (441,316)

Debt Administration

The School District's short and long-term debt obligations decreased 8.31% at June 30, 2021 as shown in *Figure 10*. Total indebtedness represented 12.1% of the constitutional debt limit, exclusive of building aid estimates.

Figure 10

<i>Outstanding Debt</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change 2020-2021</i>
	<i>2021</i>	<i>2020</i>	
<i>Bond Anticipation Notes</i>	\$ 2,271,752	\$ 2,373,457	\$ (101,705)
<i>Serial Bonds</i>	6,034,032	6,685,308	(651,276)
<i>Total</i>	\$ 8,305,784	\$ 9,058,765	\$ (752,981)

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 did not change from the prior year.

DEPOSIT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- In May of 2021, the voters approved the proposed 2021-2022 School District budget in the amount of \$17,764,432, with a 1.37% increase in the tax levy, which was the maximum allowed under the property tax legislation.
- Also in May of 2021, the voters approved the purchase of three school buses for the School District at a total not to exceed \$237,000.
- In March of 2021, a capital project of \$7,622,050 was approved by the voters. The project will address routine maintenance needs, cost saving energy upgrades and 21st century curriculum upgrades, and will have no additional tax impact to the community.
- The District has received \$593,661 in CCRSA stimulus funds, payable from 3/13/20 to 9/30/23. The District also received \$1,332,402 in ARP stimulus funds, payable from 3/13/20 to 9/30/24. The funds will be used to address learning loss and one time expenditures that will not require the use of future budget funding.
- The District has entered into a 30 year Host Community Agreement for the Bluestone Wind Project, a wind farm in the towns of Sanford and Windsor.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide Deposit 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 Business Office, Deposit Central School District, at 171 Second Street, Deposit, New York 13754.

DEPOSIT CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2021

ASSETS

Current Assets

Cash - Unrestricted	\$ 2,897,127
Cash - Restricted	<u>3,070,623</u>
Receivables:	
Other Governments	<u>326,275</u>
State and Federal Aid	<u>464,110</u>
Other	<u>63,473</u>
Inventories	<u>22,740</u>
Total Current Assets	<u>6,844,348</u>

Noncurrent Assets

Cash - Restricted	<u>2,492,372</u>
Capital Assets, Net:	
Land and Construction in Progress	<u>1,127,307</u>
Depreciable Capital Assets, Net	<u>19,551,686</u>
Total Noncurrent Assets	<u>23,171,365</u>
Total Assets	<u>30,015,713</u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions	<u>3,570,105</u>
Other Postemployment Benefits	<u>9,952,353</u>
Total Deferred Outflows of Resources	<u>13,522,458</u>

LIABILITIES

Current Liabilities

Payables:	
Accounts Payable	<u>233,025</u>
Accrued Liabilities	<u>91,657</u>
Due to Other Governments	<u>361</u>
Bond Interest and Matured Bonds	<u>14,882</u>
Due to Teachers' Retirement System	<u>464,188</u>
Due to Employees' Retirement System	<u>53,060</u>
Bond Anticipation Notes Payable	<u>2,271,752</u>
Unearned Revenues	<u>54,285</u>
Current Portion of Long-Term Obligations:	
Bonds Payable	<u>686,276</u>
Total Current Liabilities	<u>3,869,486</u>

See Notes to Basic Financial Statements

DEPOSIT CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2021

Noncurrent Liabilities

Bonds Payable	\$ 5,347,756
Compensated Absences Payable	<u>303,709</u>
Other Postemployment Benefits Liability	<u>56,763,988</u>
Net Pension Liability - Proportionate Share	<u>725,201</u>
Total Noncurrent Liabilities	<u>63,140,654</u>

Total Liabilities

67,010,140

DEFERRED INFLOWS OF RESOURCES

Pensions	<u>1,711,295</u>
Other Postemployment Benefits	<u>3,709,594</u>

Total Deferred Inflows of Resources

5,420,889

NET POSITION

Net Investment in Capital Assets	<u>13,015,108</u>
Restricted	<u>5,687,856</u>
Unrestricted (Deficit)	<u>(47,595,822)</u>

Total Net Position (Deficit)

\$ (28,892,858)

See Notes to Basic Financial Statements

DEPOSIT CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense) Revenue and Changes in Net Position
		<u>Charges for Services</u>	<u>Operating Grants</u>	
General Support	\$ 2,674,010	\$ -	\$ -	\$ (2,674,010)
Instruction	14,453,561	51,197	621,639	(13,780,725)
Pupil Transportation	1,139,000	-	-	(1,139,000)
School Lunch Program	566,550	13,204	814,896	261,550
Interest on Debt	239,287	-	-	(239,287)
Total Functions and Programs	\$ 19,072,408	\$ 64,401	\$ 1,436,535	(17,571,472)

GENERAL REVENUES

Real Property Taxes	7,824,217
Real Property Tax Items	579,982
Use of Money and Property	235,282
Unrestricted State Sources	7,188,490
Sale of Property and Compensation for Loss	(90,394)
Miscellaneous	399,573

Total General Revenues 16,137,150

Change in Net Position (1,434,322)

Total Net Position (Deficit) - Beginning of Year (27,458,536)

Total Net Position (Deficit) - End of Year **\$ (28,892,858)**

See Notes to Basic Financial Statements

DEPOSIT CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2021

	Major Funds			Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Capital Projects Fund - Construction	Capital Projects Fund - Buses		
ASSETS					
Cash - Unrestricted	\$ 1,326,739	\$ 1,544,139	\$ -	\$ 26,249	\$ 2,897,127
Cash - Restricted	2,459,692	2,624,052	-	479,251	5,562,995
Due from Other Funds	249,976	-	-	35	250,011
State and Federal Aid Receivable	148,879	-	-	315,231	464,110
Due from Other Governments	326,275	-	-	-	326,275
Other Receivables	63,170	-	-	303	63,473
Inventories	-	-	-	22,740	22,740
Total Assets	\$ 4,574,731	\$ 4,168,191	\$ -	\$ 843,809	\$ 9,586,731
LIABILITIES					
Payables:					
Accounts Payable	\$ 201,762	\$ 28,837	\$ -	\$ 2,426	\$ 233,025
Accrued Liabilities	81,283	-	-	10,374	91,657
Due to Other Funds	4,258	57,302	-	188,451	250,011
Due to Other Governments	-	-	-	361	361
Bond Anticipation Notes Payable	-	1,458,000	813,752	-	2,271,752
Due to Teachers' Retirement System	464,188	-	-	-	464,188
Due to Employees' Retirement System	53,060	-	-	-	53,060
Unearned Revenues	38,940	-	-	15,345	54,285
Total Liabilities	843,491	1,544,139	813,752	216,957	3,418,339
FUND BALANCES					
Nonspendable	-	-	-	22,740	22,740
Restricted	2,459,692	2,624,052	-	604,112	5,687,856
Assigned	568,371	-	-	-	568,371
Unassigned	703,177	-	(813,752)	-	(110,575)
Total Fund Balances (Deficit)	3,731,240	2,624,052	(813,752)	626,852	6,168,392
Total Liabilities and Fund Balances	\$ 4,574,731	\$ 4,168,191	\$ -	\$ 843,809	\$ 9,586,731

See Notes to Basic Financial Statements

DEPOSIT CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2021

Fund Balances - Total Governmental Funds **\$ 6,168,392**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation, used in Governmental Activities, are not financial resources and, therefore, are not reported in the funds.

Total Historical Cost	\$ 34,581,311	
Less Accumulated Depreciation	<u>(13,902,318)</u>	20,678,993

The School District's proportion of the collective net pension asset/liability is not reported in the funds.

TRS Net Pension Liability - Proportionate Share	\$ (720,693)	
ERS Net Pension Liability - Proportionate Share	<u>(4,508)</u>	(725,201)

Deferred outflows of resources, including pensions and other postemployment benefits, represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including pensions and other postemployment benefits, represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.

Other Postemployment Benefits Deferred Outflows of Resources	\$ 9,952,353	
Other Postemployment Benefits Deferred Inflows of Resources	(3,709,594)	
TRS Deferred Inflows of Resources - Pension	(396,012)	
ERS Deferred Inflows of Resources - Pension	(1,315,283)	
TRS Deferred Outflows of Resources - Pension	2,584,263	
ERS Deferred Outflows of Resources - Pension	<u>985,842</u>	8,101,569

Long-term liabilities including bonds payable and related premium are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	\$ (5,415,000)	
Unamortized Premium	<u>(619,032)</u>	(6,034,032)

Certain accrued obligations and expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in the funds.

Other Postemployment Benefits Liability	\$(56,763,988)	
Compensated Absences Payable	(303,709)	
Accrued Interest on Debt	<u>(14,882)</u>	<u>(57,082,579)</u>

Net (Deficit) of Governmental Activities **\$ (28,892,858)**

See Notes to Basic Financial Statements

DEPOSIT CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Major Funds			Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Capital Projects Fund - Construction	Capital Projects Fund - Buses		
REVENUES					
Real Property Taxes	\$ 7,824,217	\$ -	\$ -	\$ -	\$ 7,824,217
Real Property Tax Items	579,982	-	-	-	579,982
Use of Money and Property	233,887	-	-	1,395	235,282
Sale of Property and Compensation for Loss	17,113	-	-	-	17,113
Miscellaneous	385,612	-	-	13,961	399,573
State Sources	7,204,626	-	-	182,804	7,387,430
Medicaid Reimbursement	51,197	-	-	-	51,197
Federal Sources	654	-	-	1,236,941	1,237,595
Sales - School Lunch	-	-	-	13,204	13,204
Total Revenues	16,297,288	-	-	1,448,305	17,745,593
EXPENDITURES					
General Support	1,859,479	-	-	-	1,859,479
Instruction	7,243,490	-	-	749,777	7,993,267
Pupil Transportation	583,018	-	-	11,737	594,755
Employee Benefits	4,884,143	-	-	104,816	4,988,959
Debt Service:					
Principal	953,705	-	-	-	953,705
Interest	304,056	-	-	-	304,056
Cost of Sales	-	-	-	249,769	249,769
Capital Outlay	-	275,391	253,016	-	528,407
Other Expenditures	-	-	-	1,450	1,450
Total Expenditures	15,827,891	275,391	253,016	1,117,549	17,473,847
Excess (Deficiency) of Revenues Over Expenditures	469,397	(275,391)	(253,016)	330,756	271,746
OTHER FINANCING SOURCES AND (USES)					
Redeemed from Appropriations	-	92,000	266,705	-	358,705
Operating Transfers In	55,438	3,400,000	-	15,374	3,470,812
Operating Transfers (Out)	(3,411,390)	(49,438)	(3,984)	(6,000)	(3,470,812)
Total Other Sources (Uses)	(3,355,952)	3,442,562	262,721	9,374	358,705
Net Change in Fund Balances	(2,886,555)	3,167,171	9,705	340,130	630,451
Fund Balances (Deficit) - Beginning of Year	6,617,795	(543,119)	(823,457)	286,722	5,537,941
Fund Balances (Deficit) - End of Year	\$ 3,731,240	\$ 2,624,052	\$ (813,752)	\$ 626,852	\$ 6,168,392

See Notes to Basic Financial Statements

DEPOSIT CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

Net Change in Fund Balances - Total Governmental Funds **\$ 630,451**

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

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlay	\$ 649,236	
Net Book Value of Disposed Assets	(107,507)	
Depreciation Expense	<u>(983,045)</u>	(441,316)

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Repayment of Bond Principal	\$ 595,000	
Amortization of Bond Premium	<u>56,276</u>	651,276

Long-term liabilities, such as those associated with employee benefits, and compensated absences are reported in the Statement of Net Position. Therefore, expenses which result in an (increase) or decrease in these long-term liabilities are not reflected in the Governmental Fund financial statements.

Other Postemployment Benefits Liability	\$ (1,943,393)	
Compensated Absences	<u>174,806</u>	(1,768,587)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds.

Change in Accrued Interest Payable		8,493
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Changes in the School District's proportionate share of net pension assets/liabilities have no effect on current financial resources and therefore are not reported in the Governmental Funds. In addition, changes in the School District's deferred outflows and deferred inflows of resources related to pensions do not affect current financial resources and are also not reported in the Governmental Funds.

ERS	\$ 61,410	
TRS	<u>(576,049)</u>	<u>(514,639)</u>

Net Change in Net Position of Governmental Activities **\$ (1,434,322)**

See Notes to Basic Financial Statements

DEPOSIT CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2021

	Custodial Fund
ASSETS	
Cash - Unrestricted	<u>\$ 51,282</u>
Total Assets	<u><u>\$ 51,282</u></u>
NET POSITION	
Unassigned	<u><u>\$ 51,282</u></u>

See Notes to Basic Financial Statements

DEPOSIT CENTRAL SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2021

	Custodial Fund
ADDITIONS	
Extraclass Cash Receipts	\$ 53,153
DEDUCTIONS	
Extraclass Cash Disbursements	<u>46,526</u>
Change in Net Position	6,627
Net Position - Beginning of Year	<u>44,655</u>
Net Position - End of Year	<u><u>\$ 51,282</u></u>

See Notes to Basic Financial Statements

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 1 **Summary of Significant Accounting Policies**

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

Reporting Entity

Essentially, the primary function of the School District is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

The financial reporting entity consists of the following, as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended:

- The primary government, which is the School District;
- 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 basic financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Extraclassroom Activity Funds are included in the School District's reporting entity.

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. While the Extraclassroom Activity Funds are not considered a component unit of the School District, due to the School District's fiduciary responsibility in relation to the Funds, they are reported in the School District's Custodial Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from the School District's business office, located at 171 Second Street, Deposit, New York 13754.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 1* Summary of Significant Accounting Policies - Continued**

Joint Venture

The School District is one of 15 component school districts in the Broome-Tioga Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

BOCES are organized under §1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (§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 General Municipal Law (GML).

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

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

Basis of Presentation - District-Wide Financial Statements

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's Governmental Activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the School District's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

***Note 1* Summary of Significant Accounting Policies - Continued**

Basis of Presentation - Governmental Fund Financial Statements

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

Major Funds

- **General Fund:** The School District's primary operating fund. It accounts for all financial transactions not required to be accounted for in another fund.
- **Capital Projects Fund - Construction:** Accounts for the financial resources used for various capital projects of the School District.
- **Capital Projects Fund - Buses:** Accounts for the financial resources used for the purchase of buses for the School District.

Non-Major Funds

- **Special Revenue Funds:** These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:
 - **Special Aid Fund:** Accounts for the proceeds of specific revenue sources, such as federal, state, and local grants, legally restricted to expenditures for specified purposes, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.
 - **School Lunch Fund:** Accounts for revenues and expenditures in connection with the School District's food service program.
 - **Miscellaneous Special Revenue Fund:** Used to account for student scholarships whose funds are restricted as to use.
- **Debt Service Fund:** Accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of Governmental Activities.

Fiduciary activities are those in which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the School District and are not available to be used.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 1* Summary of Significant Accounting Policies - Continued**

Basis of Presentation - Governmental Fund Financial Statements - Continued

The School District reports the following Fiduciary Funds:

- Custodial Fund: Assets are held by the School District as agent for Extraclassroom Activity Funds.

Measurement Focus and Basis of Accounting

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

The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the Governmental Funds to be available if the revenues are collected within six months after the end of the fiscal year.

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

Cash and Investments

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

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 1 Summary of Significant Accounting Policies - Continued

Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided, as it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

Due to/Due From Other Funds

Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year end is provided subsequently in these notes.

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 fair value. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. Prepaid items represent payments made by the School District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and Governmental 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.

Nonspendable fund balance equal to these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

Capital Assets

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

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

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	40 Years
Building Improvements	5,000	20-30 Years
Furniture and Equipment	5,000	5-20 Years

The School District utilizes the straight-line method of depreciation.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

***Note 1* Summary of Significant Accounting Policies - Continued**

Vested Employee Benefits - Compensated Absences

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

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

School District employees are granted vacation time 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 No. 16, "Accounting for Compensated Absences," the 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 Governmental Fund financial 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.

Postemployment Benefits

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

In addition to providing pension benefits, the School District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the School District and the retired employee. The School District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund, in the year paid.

The School District follows GASB Statement No. 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." The School District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 10 for additional information.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 1* Summary of Significant Accounting Policies - Continued**

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District reports deferred outflows of resources related to pensions and OPEB plans in the District-wide Statement of Net Position. The types of deferred outflows of resources related to pensions and OPEB plans are described in Notes 9 and 10, respectively.

In addition to liabilities, the Statement of Net Position reports 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 will not be recognized as an inflow of resources (revenue) until that time. The School District reports deferred inflows of resources related to pensions and OPEB plans which are further described in Notes 9 and 10, respectively.

Unearned Revenue

Unearned revenues arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the School District's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

Equity Classifications - District-Wide Financial Statements

Equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets: Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted: Consists of resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 1* Summary of Significant Accounting Policies - Continued**

Equity Classifications - District-Wide Financial Statements - Continued

- Unrestricted: Consists of all other resources that do not meet the definition of “restricted” or “net investment in capital assets.”

Equity Classifications - Governmental Fund Financial Statements

The School District follows GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions,” which requires classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a Fund’s net resources.

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- Nonspendable: Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowment principal.
- Restricted: Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the School District’s legally adopted reserves are reported here.
- Committed: Consists of amounts subject to a purpose constraint imposed by formal action of the government’s highest level of decision-making authority prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.
- Assigned: Consists of amounts subject to a purpose constraint representing an intended use established by the government’s highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- Unassigned: Represents the residual classification of the government’s General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 1* Summary of Significant Accounting Policies - Continued**

Equity Classifications - Governmental Fund Financial Statements - Continued

Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain in the General Fund to no more than 4% of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4% limitation. The 4% limitation is applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

The Board of Education of the School District has not adopted any resolutions to commit fund balance. By resolution, the Board of Education is authorized to assign fund balance. The School 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.

Legally Adopted Reserves

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. These reserve funds are established through board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. Reserves currently in use by the School District include the following:

- Capital Reserve (Education Law §3657): 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 Reserve (GML §6-m): 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 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the funds over the sum sufficient to pay pending claims may be transferred to any other Reserve Fund. This reserve is accounted for in the General Fund.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

***Note 1* Summary of Significant Accounting Policies - Continued**

Legally Adopted Reserves - Continued

- Employee Benefit Accrued Liability Reserve (GML §6-p): Used to reserve funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.
- Retirement Contribution Reserve (GML §6-r): Used to reserve funds for the payment of retirement contributions, due to volatility in the economic marketplace. This reserve may be established by a majority vote of the board, and is funded by budgetary appropriations and such other reserves and funds that must be legally appropriated. This reserve is accounted for in the General Fund.
- Workers' Compensation Reserve (GML §6-j): Used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses for administering this self-insurance program. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or applied to the appropriations of the succeeding fiscal year's budget. The reserve is accounted for in the General Fund.

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 4, 2020 and became a lien on August 10, 2020. Taxes were collected during the period September 1 to November 2, 2020.

Uncollected real property taxes are subsequently enforced by the Counties of Broome and Delaware. An amount representing uncollected real property taxes transmitted to the counties for enforcement is paid by the counties to the School District no later than the following April 1.

Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers, to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds for interfund transfers have been eliminated from the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these notes.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 1* Summary of Significant Accounting Policies - Continued**

Use of Estimates

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

Future Accounting Standards

- GASB has issued Statement No. 87, "Leases," effective for the year ending June 30, 2022.
- GASB has issued Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period," effective for the year ending June 30, 2022.
- GASB has issued Statement No. 92, "Omnibus 2020," effective for the year ending June 30, 2022.

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* Participation in BOCES**

During the year ended June 30, 2021, the School District's share of BOCES income amounted to \$574,056. The School District was billed \$2,527,867 for administration and program costs. Financial statements for Broome-Tioga BOCES are available from the BOCES administrative office at 435 Glenwood Avenue, Binghamton, New York 13905.

***Note 3* Cash, Cash Equivalents, and Investments - Custodial and Concentration of Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these notes. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 3 Cash, Cash Equivalents, and Investments - Custodial and Concentration of Credit Risk - Continued

The School District's aggregate bank balances of \$8,613,404 are either insured or collateralized with securities held by the pledging financial institution in the School District's name.

Restricted cash at June 30, 2021 consisted of the following:

General Fund Reserves	\$	2,459,692
Restricted for School Lunch		253,585
Restricted for Debt Service		193,021
Restricted for Capital Projects		2,624,017
Restricted for Scholarships		32,680
Total	\$	5,562,995

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

Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts.

Note 4 Interfund Balances and Activity

Governmental Fund interfund balances at June 30, 2021 are as follows:

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	\$ 249,976	\$ 4,258	\$ 55,438	\$ 3,411,390
Capital Projects Fund - Construction	-	57,302	3,400,000	49,438
Capital Projects Fund - Buses	-	-	-	3,984
Non-Major Funds	35	188,451	15,374	6,000
Total	\$ 250,011	\$ 250,011	\$ 3,470,812	\$ 3,470,812

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 4 Interfund Balances and Activity - Continued

Interfund receivables and payables, other than between Governmental Activities and Fiduciary Funds, are eliminated on the Statement of Net Position.

The School District typically transfers from the General Fund to the Special Aid Fund the School District's share of the cost to accommodate the mandated accounting for the School District's share of expenditures of a Special Aid Fund project and to and from the Debt Service Fund for the payment of long-term debt. The School District also transfers funds from the Capital Reserve in the General Fund to Capital Projects Funds, as needed, to fund capital projects. Periodically, the School District transfers funds as needed to subsidize the School Lunch Fund.

The School 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 5 Capital Assets

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassifications and Disposals</u>	<u>Ending Balance</u>
Capital Assets that are Not Depreciated:				
Land	\$ 35,378	\$ -	\$ -	\$ 35,378
Construction in Progress	1,216,703	275,391	(400,165)	1,091,929
Total Nondepreciable Historical Cost	<u>1,252,081</u>	<u>275,391</u>	<u>(400,165)</u>	<u>1,127,307</u>
Capital Assets that are Depreciated:				
Buildings	29,315,496		400,165	29,715,661
Furniture and Equipment	3,660,263	373,845	(295,765)	3,738,343
Total Depreciable Historical Cost	<u>32,975,759</u>	<u>373,845</u>	<u>104,400</u>	<u>33,454,004</u>
Total Historical Cost	<u>34,227,840</u>	<u>649,236</u>	<u>(295,765)</u>	<u>34,581,311</u>
Less Accumulated Depreciation:				
Buildings	(11,009,694)	(737,241)	-	(11,746,935)
Furniture and Equipment	(2,097,837)	(245,804)	188,258	(2,155,383)
Total Accumulated Depreciation	<u>(13,107,531)</u>	<u>(983,045)</u>	<u>188,258</u>	<u>(13,902,318)</u>
Total Historical Cost, Net	<u>\$ 21,120,309</u>	<u>\$ (333,809)</u>	<u>\$ (107,507)</u>	<u>\$ 20,678,993</u>

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 5 Capital Assets - Continued

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 98,519
Instruction	647,166
Pupil Transportation	221,750
School Lunch Program	<u>15,610</u>
 Total Depreciation Expense	 <u><u>\$ 983,045</u></u>

Note 6 Short-Term Debt

The School District may issue revenue anticipation notes (RANs) and tax anticipation notes (TANs), 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 School District did not issue or redeem any RANs or TANs during the year.

The School 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 an insufficient or no provision is 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 School District did not issue or redeem any budget notes during the year.

The School District may issue bond anticipation notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. Two BANs were outstanding at June 30, 2021.

BAN activity for the year is summarized below:

<u>Description of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Renewed or Redeemed</u>	<u>Ending Balance</u>
BAN 2019 - Buses	1.51%	08/29/2019	\$ 823,457	\$ -	\$ (823,457)	\$ -
BAN 2020 - Construction	0.85%	06/03/2020	1,550,000	-	(1,550,000)	-
BAN 2021- Buses	0.63%	09/10/2021	-	813,752	-	813,752
BAN 2021- Construction	0.32%	06/24/2022	<u>-</u>	<u>1,458,000</u>	<u>-</u>	<u>1,458,000</u>
 Total			 <u><u>\$ 2,373,457</u></u>	 <u><u>\$ 2,271,752</u></u>	 <u><u>\$ (2,373,457)</u></u>	 <u><u>\$ 2,271,752</u></u>

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 6 Short-Term Debt - Continued

Interest expense related to short-term debt during the year was comprised of:

Interest Paid	\$ 25,575
Less Interest Accrued in the Prior Year	(11,557)
Plus Interest Accrued in the Current Year	4,250
Total	\$ 18,268

Note 7 Long-Term Debt

At June 30, 2021, the total outstanding indebtedness of the School District represented 12.1% of its statutory debt limit, exclusive of building aids. Long-term debt is classified as follows:

- Serial Bonds and Statutory Installment Bonds - The School District borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets.

The following is a summary of the School District's long-term debt for the year ended June 30, 2021:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2021</u>
2010 Serial Bond	06/15/2010	06/15/2024	3.00%-5.00%	\$ 420,000
2014 Serial Bond	06/15/2014	06/15/2032	2.00%-5.00%	4,320,000
2017 Serial Bond	06/15/2017	06/15/2032	2.69%	675,000
Total Bonds				5,415,000
Unamortized Premium				619,032
Total				\$ 6,034,032

Interest expense related to long-term debt during the year was comprised of:

Interest Paid	\$ 278,481
Less Interest Accrued in the Prior Year	(11,818)
Plus Interest Accrued in the Current Year	10,632
Less Amortization of Bond Premium	(56,276)
Total	\$ 221,019

Interest rates on the Serial Bonds vary from year to year, in accordance with the interest rates specified in the bond agreements.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 7 Long-Term Debt - Continued

Long-term debt balances and activity for the year are summarized as follows:

Governmental Activities	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Serial Bonds	\$ 6,010,000	\$ -	\$ (595,000)	\$ 5,415,000	\$ 630,000
Premium on Obligations	675,308	-	(56,276)	619,032	56,276
Total	\$ 6,685,308	\$ -	\$ (651,276)	\$ 6,034,032	\$ 686,276

The following is a summary of the maturity of long-term indebtedness:

Year	Principal	Interest	Total
2022	\$ 630,000	\$ 250,000	880,000
2023	655,000	219,771	874,771
2024	690,000	188,293	878,293
2025	650,000	155,378	805,378
2026	625,000	124,563	749,563
2027-2031	1,945,000	236,689	2,181,689
2032	220,000	7,826	227,826
Total	\$ 5,415,000	\$ 1,182,520	\$ 6,597,520

Note 8 Compensated Absences

Compensated absences represent funds accrued to pay for the School District's share of sick and vacation time. This liability is liquidated through the General Fund.

	Beginning Balance	Additions	Deletions	Ending Balance
Total	\$ 478,515	\$ -	\$ (174,806)	\$ 303,709

The change in compensated absences is recorded as a net change, as it is not feasible to separate out additions and deletions.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 9 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems)**

Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS) (System)

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

Tier 3 and Tier 4 members are required by law to contribute 3% of salary to the System. Effective October 2000, contributions were eliminated for Tier 3 and 4 members with 10 or more years of service or membership. Effective January 1, 2010, Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Effective April 1, 2012, Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a salary based upon salary earned. Pursuant to Article 14 and Article 15 of the RSSL, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the RSSL. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 9* Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Plan Descriptions and Benefits Provided - Continued

Employees' Retirement System (ERS) (System)

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing, multiple-employer, defined benefit pension plan. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. The School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System 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, New York 12244.

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1973, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Summary of Significant Accounting Policies

The Systems' financial statements from which the Systems' respective fiduciary net position is determined are prepared using the accrual basis of accounting. System member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Plan Descriptions and Benefits Provided - Continued

Contributions

The School District is required to contribute at an actuarially determined rate. The School District's contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding Plan years were as follows:

	<u>ERS</u>	<u>TRS</u>
2021	\$ 182,846	\$ 393,153
2020	186,408	465,910
2019	184,713	450,272

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

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

	<u>ERS</u>	<u>TRS</u>
Actuarial Valuation Date	04/01/2020	06/30/2019
Net Pension Asset/Liability	\$ 99,573,957	\$ 2,763,270,835
School District's Proportionate Share of the Plan's Total Net Pension Asset/Liability	4,508	720,693
School District's Share of the Net Pension Asset/Liability	0.0045269%	0.026081%

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

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

For the year ended June 30, 2021, the School District recognized pension expense of \$125,273 for ERS and \$998,210 for TRS in the District-wide financial statements. At June 30, 2021 the School District 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	\$ 55,050	\$ 631,472	\$ -	\$ 36,934
Changes in Assumptions	828,805	911,510	15,632	324,906
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	470,676	1,294,852	-
Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions	48,927	147,732	4,799	34,172
School District's Contributions Subsequent to the Measurement Date	53,060	422,873	-	-
Total	<u>\$ 985,842</u>	<u>\$ 2,584,263</u>	<u>\$ 1,315,283</u>	<u>\$ 396,012</u>

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

<u>Year Ending</u>	<u>ERS</u>	<u>TRS</u>
2022	\$ (58,178)	\$ 308,653
2023	(15,155)	594,642
2024	(63,729)	487,592
2025	(245,439)	312,427
2026	-	25,932
Thereafter	-	36,132

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 9 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2021	June 30, 2020
Actuarial Valuation Date	April 1, 2020	June 30, 2019
Investment Rate of Return	5.9%	7.1%
Salary Increases	4.4%	1.90%-4.72%
Cost of Living Adjustments	1.4%	1.3%
Inflation Rate	2.7%	2.2%

For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018, applied on a generational basis.

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

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Actuarial Assumptions - Continued

For ERS, the long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. For TRS, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows.

Measurement Date	ERS	TRS
	March 31, 2021	June 30, 2020
Asset Type		
Domestic Equities	4.1%	7.1%
International Equities	6.3%	7.7%
Global Equities		7.4%
Real Estate	5.0%	6.8%
Private Equity	6.8%	10.4%
Opportunistic Portfolio	4.5%	
Real Assets	6.0%	
Cash	0.5%	
Credit	3.6%	
Domestic Fixed Income Securities		1.8%
Global Fixed Income Securities		1.0%
Private Debt		5.2%
Real Estate Debt		3.6%
High-Yield Fixed Income Securities		3.9%
Short-Term		0.7%

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and contributions from employers will be made at statutorily required rates, actuarially determined. Based on the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and 7.1% for TRS, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current rate:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
School District's Proportionate Share of the Net Pension Asset/Liability	\$ 1,251,139	\$ 4,508	\$ (1,145,179)
TRS	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
School District's Proportionate Share of the Net Pension Asset/Liability	\$ 4,552,372	\$ 720,693	\$ (2,495,056)

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Pension Plan Fiduciary Net Position

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

Measurement Date	Dollars in Thousands	
	ERS	TRS
	March 31, 2021	June 30, 2020
Employers' Total Pension Asset/Liability	\$ 220,680,157	\$ 123,242,776
Plan Net Position	(220,580,583)	(120,479,505)
Employers' Net Pension Asset/Liability	\$ 99,574	\$ 2,763,271
Ratio of Plan Net Position to the Employers' Total Pension Asset/Liability	99.9%	97.8%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Employee contributions are remitted monthly. 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 estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$53,060.

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 \$464,188.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
ERS			
Net Pension Asset/Liability	\$ 1,143,922	\$ (1,139,414)	\$ 4,508
Deferred Outflows of Resources	(776,119)	(209,723)	(985,842)
Deferred Inflows of Resources	27,556	1,287,727	1,315,283
Subtotal	395,359	(61,410)	333,949
TRS			
Net Pension Asset/Liability	(682,376)	1,403,069	720,693
Deferred Outflows of Resources	(2,319,122)	(265,141)	(2,584,263)
Deferred Inflows of Resources	957,891	(561,879)	396,012
Subtotal	(2,043,607)	576,049	(1,467,558)
Total	\$ (1,648,248)	\$ 514,639	\$ (1,133,609)

Note 10 Other Postemployment Benefits

General Information about the OPEB Plan

Plan Description - The School District provides medical and Medicare Part B benefits to retired employees and their eligible dependents. The benefits provided to employees upon retirement are based on provisions in various contracts that the School District has in place with different classifications of employees. The School District acquires health insurance through a consortium known as the Broome-Tioga-Delaware Health Insurance Consortium. Benefits provided by the Consortium are administered by Blue Cross/Blue Shield. The Consortium plan covers medical and pharmaceutical costs. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Benefits Provided - The School District provides healthcare benefits for eligible retirees and their spouses. Benefit terms are dependent of which contract each employee falls under. The specifics of each contract are on file at the School District offices and are available upon request.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 10 Other Postemployment Benefits - Continued

General Information about the OPEB Plan - Continued

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	148
Inactive Employees Entitled to	
But Not Yet Receiving Benefit Payments	-
Active Employees	<u>107</u>
Total	<u><u>255</u></u>

Total OPEB Liability

The School District's total OPEB liability of \$56,763,988 was measured as of June 30, 2021, and determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Long-Term Bond Rate	2.16%
Salary Increases Including Inflation	2.6%
Actuarial Cost Method	Entry Age Normal
Healthcare Cost Trend Rates	5.3% for 2021, Decreasing to an Ultimate Rate of 4.1% for Years After 2077

The long-term bond rate was based on a 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Retirement rates are based on tables used by the New York State Teachers' Retirement System and New York State and Local Retirement System.

The actuarial assumptions used in the July 1, 2020 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 10 Other Postemployment Benefits - Continued

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	<u>\$ 51,101,764</u>
Changes for the Year	
Service Cost	1,592,398
Interest Cost	1,144,518
Changes of Benefit Terms	(187,778)
Differences Between Expected and Actual Experience	(267,871)
Changes in Assumptions	5,202,989
Benefit Payments	<u>(1,822,032)</u>
Net Change	<u>5,662,224</u>
Balance at June 30, 2021	<u><u>\$ 56,763,988</u></u>

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

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	\$ 65,306,066	\$ 56,763,988	\$ 47,161,847

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

	1% Decrease (4.3% to 3.1%)	Healthcare Cost Trend Rate (5.3% to 4.1%)	1% Increase (6.3% to 5.1%)
Total OPEB Liability	\$ 47,536,528	\$ 56,763,988	\$ 65,122,514

For the year ended June 30, 2021, the School District recognized OPEB expense of \$3,765,425.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 10 Other Postemployment Benefits - Continued

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

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 420,283	\$ 887,029
Changes in Assumptions or Other Inputs	9,532,070	2,822,565
Total	\$ 9,952,353	\$ 3,709,594

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

Fiscal Year	Amount
Ending June 30,	Amount
2022	\$ 1,216,287
2023	1,216,287
2024	1,216,287
2025	1,638,715
2026	795,987
Thereafter	159,196

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
OPEB Liability	\$ 51,101,764	\$ 5,662,224	\$ 56,763,988
Deferred Outflows of Resources	(7,033,835)	(2,918,518)	(9,952,353)
Deferred Inflows of Resources	4,509,907	(800,313)	3,709,594
Total	\$ 48,577,836	\$ 1,943,393	\$ 50,521,229

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 11* Commitments and Contingencies**

Risk Financing and Related Insurance - General Information

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

Risk Financing and Related Insurance - Health Insurance

The School District incurs costs related to an employee health insurance plan (Plan) sponsored by the Broome-Tioga-Delaware County Health Insurance Consortium. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Plan members include 15 school districts and one BOCES, with the School District bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended June 30, 2021, the School District incurred premiums or contribution expenditures totaling \$3,839,682.

Risk Financing and Related Insurance - Workers' Compensation Insurance

The School District participates in the Workers' Compensation Self-Insurance Alliance (Plan). The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. School districts joining the Plan must remain members for a minimum of one year; a member may withdraw from the Plan after that time by forwarding a resolution passed by the School District's Board of Education prior to the end of the fiscal year.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

***Note 11* Commitments and Contingencies - Continued**

Risk Financing and Related Insurance - Workers' Compensation Insurance - Continued

Plan members include 15 school districts and one BOCES, with the School District bearing its proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) reported but not settled, and claims incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended June 30, 2021, the School District incurred premiums or contribution expenditures totaling \$73,912.

Other Items

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

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 12 Fund Balance Detail

At June 30, 2021, nonspendable, restricted, and assigned fund balance in the governmental funds was as follows:

	General Fund	Capital Projects Fund - Construction	Non-Major Funds
Nonspendable			
Inventory	\$ -	\$ -	\$ 22,740
Total Nonspendable Fund Balance	\$ -	\$ -	\$ 22,740
Restricted			
Workers' Compensation Reserve	\$ 153,256	\$ -	\$ -
Reserve for Employees'			
Retirement Contributions	1,105,874	-	-
Unemployment Insurance Reserve	46,435		
Reserve for Teachers' Retirement			
Contributions	261,864	-	-
Employee Benefit Accrued			
Liability Reserve	65,362	-	-
Capital Reserve	826,901	-	-
Capital Projects	-	2,624,052	-
Debt	-	-	193,021
School Lunch	-	-	378,411
Scholarships	-	-	32,680
Total Restricted Fund Balance	\$ 2,459,692	\$ 2,624,052	\$ 604,112
Assigned			
Appropriated for Next Year's Budget	\$ 500,000	\$ -	\$ -
Encumbered for:			
General Support	36,030	-	-
Instruction	22,316	-	-
Pupil Transportation	10,025	-	-
Total Assigned Fund Balance	\$ 568,371	\$ -	\$ -

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 13 Restricted Fund Balances

Portions of fund balance are restricted and are not available for current expenditures as reported in the Governmental Funds Balance Sheet. The balances and activity for the year ended June 30, 2021 of the General Fund and Debt Service Fund restricted fund balances were as follows:

<u>General Fund</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Interest Earned</u>	<u>Appropriated</u>	<u>Ending Balance</u>
Workers' Compensation Reserve	\$ 153,240	\$ -	\$ 16	\$ -	\$ 153,256
Reserve for Employees' Retirement Contributions	1,105,757	-	117	-	1,105,874
Reserve for Teachers' Retirement Contributions	173,846	88,000	18	-	261,864
Unemployment Insurance Reserve	63,507	-	6	(17,078)	46,435
Employee Benefit Accrued Liability Reserve	65,355	-	7	-	65,362
Capital Reserve	3,511,666	615,000	235	(3,300,000)	826,901
Total General Fund	<u>\$ 5,073,371</u>	<u>\$ 703,000</u>	<u>\$ 399</u>	<u>\$ (3,317,078)</u>	<u>\$ 2,459,692</u>
Debt Service Fund	<u>\$ 193,659</u>	<u>\$ 3,984</u>	<u>\$ 1,378</u>	<u>\$ (6,000)</u>	<u>\$ 193,021</u>

Note 14 Tax Abatements

For the year ended June 30, 2021, the School District was subject to property tax abatements negotiated by Broome County IDA and Delaware County IDA for the purpose of economic development. School District property tax revenue was reduced by \$47,900. The School District received payment in lieu of tax (PILOT) payments totaling \$140,739.

	<u>Taxable Assesed</u>	<u>Tax Value</u>	<u>PILOT Received</u>	<u>Taxes Abated</u>
Delaware County IDA	\$ 229,944	\$ 72,982	\$ 54,763	\$ 18,219
Broome County IDA	4,974,633	115,657	85,976	29,681
Totals	<u>\$ 5,204,577</u>	<u>\$ 188,639</u>	<u>\$ 140,739</u>	<u>\$ 47,900</u>

Note 15 Stewardship, Compliance, and Accountability

Deficit Fund Balance

At June 30, 2021, the Capital Projects Fund - Buses had a deficit fund balance of \$813,752. This deficit will be eliminated as short-term debt is redeemed or converted to long-term bond financing.

Deficit Net Position

At June 30, 2021, the District-wide Statement of Net Position had an unrestricted deficit of \$47,595,822. This is primarily the result of the requirement to record net other postemployment benefit liability with no requirement or mechanism to fund this liability (see Note 10). The deficit is not expected to be eliminated during the normal course of operations.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 16 Restatement

During the year, the District adopted GASB Statement No. 84. The District's June 30, 2020 net position for Governmental Activities has been restated to reflect the following:

Net Position (Deficit) Beginning of Year	\$ (27,490,823)
GASB Statement No. 84 Implementation	<u>32,287</u>
Net Position (Deficit) Beginning of Year, as Restated	<u><u>\$ (27,458,536)</u></u>

In addition, net position for the Custodial Fund has been restated to reflect the following:

Net Position Beginning of Year	\$ -
GASB Statement No. 84 Implementation	<u>44,655</u>
Net Position Beginning of Year, as Restated	<u><u>\$ 44,655</u></u>

Note 17 Economic Uncertainty

In March 2020, the COVID-19 coronavirus outbreak was declared a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the area in which the District exists. While it is unknown how long these conditions will last and what the complete financial effect will be, the District expects disruptions to businesses and residents, which could negatively impact operating results in future periods.

DEPOSIT CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-U.S. GAAP) - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Local Sources				
Real Property Taxes	\$ 8,257,912	\$ 7,836,426	\$ 7,824,217	\$ (12,209)
Real Property Tax Items	158,885	580,371	579,982	(389)
Use of Money and Property	2,000	2,000	233,887	231,887
Miscellaneous	427,256	437,570	402,725	(34,845)
Total Local Sources	<u>8,846,053</u>	<u>8,856,367</u>	<u>9,040,811</u>	<u>184,444</u>
State Sources	7,499,093	7,301,121	7,204,626	(96,495)
Federal Sources	-	197,972	654	(197,318)
Medicaid Reimbursement	50,000	50,000	51,197	1,197
Total Revenues	<u>16,395,146</u>	<u>16,405,460</u>	<u>16,297,288</u>	<u>(108,172)</u>
OTHER FINANCING SOURCES				
Operating Transfers In	6,000	6,000	55,438	49,438
Total Revenues and Other Financing Sources	<u>16,401,146</u>	<u>16,411,460</u>	<u>\$16,352,726</u>	<u>\$ (58,734)</u>
Appropriated Fund Balance	500,000	3,817,078		
Appropriated Reserves	296,444	296,444		
Encumbrances Carried Forward from Prior Year	155,719	155,719		
Total Revenues, Appropriated Reserves, and Designated Fund Balance	<u>\$17,353,309</u>	<u>\$20,680,701</u>		

See Notes to Required Supplementary Information

DEPOSIT CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-U.S. GAAP) - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES					
General Support					
Board of Education	\$ 27,733	\$ 29,077	\$ 15,187	\$ 3,560	\$ 10,330
Central Administration	198,520	198,521	192,996	612	4,913
Finance	282,027	283,586	264,521	2,172	16,893
Staff	78,311	78,761	66,326	5,260	7,175
Central Services	969,863	1,235,614	1,165,340	24,426	45,848
Special Items	157,352	158,488	155,109	-	3,379
Total General Support	<u>1,713,806</u>	<u>1,984,047</u>	<u>1,859,479</u>	<u>36,030</u>	<u>88,538</u>
Instruction					
Instruction, Administration, and Improvement	444,590	460,966	441,854	1,127	17,985
Teaching - Regular School Programs for Children with Handicapping Conditions	3,476,152	3,377,013	3,180,973	5,843	190,197
Occupational Education	2,067,884	1,949,742	1,742,958	4,204	202,580
Teaching - Special School	572,288	572,808	563,588	631	8,589
Instructional Media	750	750	-	-	750
Pupil Services	713,888	724,182	698,729	-	25,453
Total Instruction	<u>8,022,689</u>	<u>7,849,303</u>	<u>7,243,490</u>	<u>22,316</u>	<u>583,497</u>
Pupil Transportation	832,849	841,832	583,018	10,025	248,789
Community Services	1,000	1,000	-	-	1,000
Employee Benefits	5,375,379	5,296,933	4,884,143	-	412,790
Debt Service					
Principal	936,705	954,530	953,705	-	825
Interest	321,881	304,056	304,056	-	-
Total Debt Service	<u>1,258,586</u>	<u>1,258,586</u>	<u>1,257,761</u>	<u>-</u>	<u>825</u>
Total Expenditures	<u>17,204,309</u>	<u>17,231,701</u>	<u>15,827,891</u>	<u>68,371</u>	<u>1,335,439</u>
OTHER FINANCING USES					
Operating Transfers Out	149,000	3,449,000	3,411,390	-	37,610
Total Expenditures and Other Financing Uses	<u>\$ 17,353,309</u>	<u>\$ 20,680,701</u>	<u>19,239,281</u>	<u>\$ 68,371</u>	<u>\$ 1,373,049</u>
Net Change in Fund Balance			<u>(2,886,555)</u>		
Fund Balance - Beginning of Year			<u>6,617,795</u>		
Fund Balance - End of Year			<u>\$ 3,731,240</u>		

See Notes to Required Supplementary Information

DEPOSIT CENTRAL SCHOOL DISTRICT

SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$ 182,846	\$ 186,408	\$ 184,713	\$ 184,765	\$ 175,650	\$ 194,399	\$ 210,250	\$ 214,781	\$ 200,145	\$ 185,544
Contributions in Relation to the Contractually Required Contribution	(182,846)	(186,408)	(184,713)	(184,765)	(175,650)	(194,399)	(210,250)	(214,781)	(200,145)	(185,544)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Employee Payroll for Year Ending June 30,	1,428,594	1,391,648	1,315,873	1,255,889	1,182,017	1,110,182	1,112,901	1,102,215	1,156,892	1,211,198
Contributions as a Percentage of Covered Employee Payroll	12.8%	13.4%	14.0%	14.7%	14.9%	17.5%	18.9%	19.5%	17.3%	15.3%

SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS NYSTRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$ 422,873	\$ 393,153	\$ 465,910	\$ 450,272	\$ 540,458	\$ 573,461	\$ 760,222	\$ 728,433	\$ 469,084	\$ 453,142
Contributions in Relation to the Contractually Required Contribution	(422,873)	(393,153)	(465,910)	(450,272)	(540,458)	(573,461)	(760,222)	(728,433)	(469,084)	(453,142)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Employee Payroll for Year Ending June 30,	4,437,282	4,437,393	4,387,100	4,594,612	4,611,416	4,324,744	4,344,126	4,468,814	3,961,858	4,078,686
Contributions as a Percentage of Covered Employee Payroll	9.5%	8.9%	10.6%	9.8%	11.7%	13.3%	17.5%	16.3%	11.8%	11.1%

See Notes to Required Supplementary Information

DEPOSIT CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's Proportion of the Net Pension Asset/Liability	0.0045269%	0.0043199%	0.0044261%	0.0041245%	0.0039639%	0.0042580%	0.0040783%
School District's Proportionate Share of the Net Pension Asset/Liability	\$ 4,508	\$ 1,413,922	\$ 313,604	\$ 133,115	\$ 372,455	\$ 683,415	\$ 137,776
School District's Covered Employee Payroll During the Measurement Period	1,406,100	1,372,016	1,302,885	1,239,844	1,170,219	1,097,282	1,107,105
School District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of its Covered Employee Payroll	0.3%	103.1%	24.1%	10.7%	31.8%	62.3%	12.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/Liability	99.9%	96.3%	96.3%	98.2%	94.7%	97.9%	97.9%

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY NYSTRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's Proportion of the Net Pension Asset/Liability	0.026081%	0.0262650%	0.0273370%	0.0283130%	0.0274190%	0.0281870%	0.0281870%
School District's Proportionate Share of the Net Pension Asset/Liability	\$ 720,693	\$ (682,376)	\$ (494,321)	\$ (215,205)	\$ 293,668	\$(2,927,708)	\$(3,380,420)
School District's Covered Employee Payroll During the Measurement Period	4,437,393	4,387,100	4,594,612	4,611,416	4,324,744	4,344,126	4,468,814
School District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of its Covered Employee Payroll	16.2%	15.6%	10.8%	4.7%	6.8%	67.4%	75.6%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/Liability	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%	111.5%

See Notes to Required Supplementary Information

DEPOSIT CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Service Cost	\$ 1,592,398	\$ 1,273,420	\$ 1,548,775	\$ 1,492,086	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
Interest Cost	1,144,518	1,490,862	1,467,466	1,409,488	*	*	*	*	*	*
Changes of Benefit Terms	(187,778)	-	(952,262)		*	*	*	*	*	*
Differences Between Expected and Actual Experience	(267,871)		(1,246,802)	900,607	*	*	*	*	*	*
Changes in Assumptions or Other Inputs	5,202,989	7,818,669	(5,313,063)		*	*	*	*	*	*
Benefit Payments	(1,822,032)	(1,593,921)	(1,505,178)	(2,341,142)	*	*	*	*	*	*
Total OPEB Liability - Beginning	<u>51,101,764</u>	<u>42,112,734</u>	<u>48,113,798</u>	<u>46,652,759</u>	*	*	*	*	*	*
Total OPEB Liability - Ending	<u>\$ 56,763,988</u>	<u>\$ 51,101,764</u>	<u>\$ 42,112,734</u>	<u>\$ 48,113,798</u>	<u>\$46,652,759</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>
Covered Employee Payroll	\$ 4,418,113	\$ 4,685,173	\$ 4,685,173	\$ 5,612,909	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
Total OPEB Liability as a Percentage of Covered Payroll	1284.8%	1090.7%	898.9%	857.2%	*	*	*	*	*	*
Discount Rate	2.16%	2.21%	3.50%	3.00%	*	*	*	*	*	*

**Information for periods prior to implementation of GASB Statement No. 75 is unavailable and will be completed as it become available.*

See Notes to Required Supplementary Information

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2021

***Note 1* Budgetary Procedures and Budgetary Accounting**

The School District administration prepares a proposed budget for approval by the Board of Education (Board) for the General Fund for which a legal (appropriated) budget is adopted. The voters of the School District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The following supplemental appropriations occurred during the year:

Adopted Budget	\$ 17,197,590
Carryover Encumbrances	155,719
Original Budget	<u>17,353,309</u>
Appropriated Reserves	3,317,078
Insurance Recoveries	<u>10,314</u>
Final Budget	<u>\$ 20,680,701</u>

Budgets are adopted annually on a basis consistent with U.S. GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Annual legal budgets are not adopted for the Special Revenue Funds (Special Aid and School Lunch). Budgetary controls for the Special Aid Fund are established in accordance with the applicable grant agreements. Special Aid Funds may also cover a period other than the School District's fiscal year. Budgetary controls for School Lunch Fund are established internally.

***Note 2* Reconciliation of the Budget Basis to U.S. GAAP**

No adjustment is necessary to convert the General Fund excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget basis. Encumbrances, if present, are shown in a separate column and are not included in the actual results at June 30, 2021.

***Note 3* Schedule of Changes in the School District's Total OPEB Liability and Related Ratios Changes in Demographics**

From July 1, 2018 to July 1, 2020, overall membership decreased from 259 to 255. The number of active members decreased from 107 to 92, and the number of inactive members decreased from 152 to 163. The average age of active members decreased slightly from 46.6 to 46.1, and the average age of retired members remained the same at 71.8.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2021

***Note 3* Schedule of Changes in the School District's Total OPEB Liability and Related Ratios - Continued**

Changes of Assumptions

Medicare Part B reimbursement for spouses of teachers decreased from 50% to 0%. This decreased the accrued liability by about \$0.1 million (0.3%). The actuarial valuation reflects the adoption of the Pub-2010 Mortality Table (from RP-2014 Adjusted to 2006 Total Dataset Mortality Table) with generational projection of future improvements per the MP-2019 Ultimate Scale. Additionally, retirement and turnover rates were updated to reflect the assumptions used in the 2020 Annual Report to the Comptroller on Actuarial Assumptions for the New York State and Local Retirement System. The valuation of future implementation of the excise tax on medical benefits is no longer used, as it has been officially repealed as of December 20, 2019. The combined impact of these assumption changes was an increase in the accrued liability of \$1.7 million (4.2%).

Given the substantial uncertainty regarding the impact of COVID-19 on plan costs, including whether the pandemic will increase or decrease costs during the term of the projections, the decision has been made to not make an adjustment in the expected plan costs. It is possible that the COVID-19 pandemic could have a material impact on the projected costs.

The discount rate has been changed to 2.16% (from 2.21%) since this is the discount rate that will be used to measure the total OPEB liability for the purposes of GASB Statement No. 75. This increased the accrued liability by \$12.4 million (28.9%) after the inclusion of all assumption changes described above.

***Note 4* Schedules of the School District's Proportionate Share of the Net Position Asset/Liability** The Schedules of the School District's Proportionate Share of the Net Position Asset/Liability, required supplementary information, will present ten years of information as it becomes available from the pension plans.

***Note 5* Schedules of School District Contributions - NYLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability**

NYSLRS

Changes in Benefit Terms

There were no significant legislative changes in benefits for the April 1, 2020 actuarial valuation.

Changes of Assumptions

2021: The demographic assumptions (pensioner mortality and active member decrements) were updated based on the System's experience from April 1, 2015 through March 31, 2020, the mortality improvement assumption was updated to Society of Actuaries Scale MP-2020, inflation was updated to 2.7%, cost-of-living updated to 1.4%, salary scale updated to 4.4%, and the interest rate assumption was reduced to 5.9% for the April 1, 2020 actuarial valuation.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2021

Note 5 **Schedules of School District Contributions - NYLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability - Continued**

NYSLRS - Continued

Changes of Assumptions - Continued

2019: The salary scales for both plans used in the April 1, 2018 actuarial valuation were increased by 10%.

2016: There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2015 actuarial valuation.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2019 actuarial valuation determines the employer rates for contributions payable in fiscal year 2021. The following actuarial methods and assumptions were used:

Actuarial Cost Method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset Valuation Period	Five-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.5%
Salary Scale	4.2% in ERS, indexed by service.
Investment Rate of Return	6.8% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3% annually.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2021

***Note 5* Schedules of School District Contributions - NYLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability - Continued**

NYSTRS

Changes in Benefit Terms

Effective with the 2019 actuarial valuation an increase in the NYS Governor's salary limit from \$179,000 to \$200,000 per annum went into effect, impacting Tier 6 members. The Governor's salary limit may ultimately increase to \$250,000 phased in over the next two years.

Changes of Assumptions

Actuarial assumptions are revised periodically to reflect more closely actual, as well as anticipated future experience. The actuarial assumptions were revised and adopted by the Retirement Board on October 29, 2015 and first used in the 2016 determination of the Total Pension Liability.

The System's long-term rate of return assumption for purposes of the NPL is 7.10%, effective with the 2019 actuarial valuation. For the 2018 and 2017 actuarial valuations, the System's long-term rate of return assumption was 7.25%. For the 2016 actuarial valuation, the System's long-term rate of return assumption was 7.5%. Prior to the 2016 actuarial valuation, the System's long-term rate of return was 8.0%.

The System's assumed annual inflation rate is 2.2%, effective with the 2019 actuarial valuation. For the 2018 and 2017 actuarial valuations, the System's annual inflation assumption was 2.25%. For the 2016 actuarial valuation, the System's annual inflation assumption was 2.5%. Prior to the 2016 actuarial valuation, the System's annual inflation assumption was 3.0%.

Effective with the 2019 actuarial valuation, COLAs are projected to increase at a rate of 1.30% annually. Effective with the 2015 actuarial valuation, COLAs were projected to increase at a rate of 1.50% annually. Prior to the 2015 actuarial valuation, COLAs were projected to increase at a rate of 1.625% annually.

Effective with the 2019 actuarial valuation, the assumed scale for mortality improvement is changed from MP2014 to MP2018.

Effective with the 2019 actuarial valuation, there is a change in the actuarial valuation software that resulted in a slight change in the determination of Entry Age Normal Total Pension Liability and Service Cost.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2021

Note 5 Schedules of School District Contributions - NYLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability - Continued

NYSTRS - Continued

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the Schedule of School District's Contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Unless otherwise noted above, the following actuarial methods and assumptions were used to determine contribution rates reported in the Schedule of the School District's Contributions.

Actuarial Cost Method	The System is funded in accordance with the Aggregate Cost Method, which does not identify nor separately amortize unfunded actuarial liabilities. Costs are determined by amortizing the unfunded present value of benefits over the average future working lifetime of active plan members, which currently for NYSTRS is approximately 13 years.
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Asset Valuation Method	Five-year phased in deferred recognition of each year's net investment income/loss in excess of (or less than) the valuation rate of interest at a rate of 20.0% per year, until fully recognized after five years.
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Inflation	2.25%
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Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.
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Service	Rate
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Investment Rate of Return	7.25% compounded annually, net of investment expenses, including inflation.
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Projected Cost of Living Adjustments	1.5% compounded annually.
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DEPOSIT CENTRAL SCHOOL DISTRICT

SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT FOR THE YEAR ENDED JUNE 30, 2021

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$17,197,590
Prior Year's Encumbrances	<u>155,719</u>
Original Budget	<u>17,353,309</u>
Budget Revisions:	
Appropriated Reserves	3,317,078
Insurance Recoveries	<u>10,314</u>
Total Additions	<u>3,327,392</u>
Final Budget	<u><u>\$20,680,701</u></u>

§1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

Next Year's 2021-2022 Voter Approved Budget	<u><u>\$17,764,432</u></u>
Maximum Allowed (4% of 2021-2022 Budget)	<u><u>\$ 710,577</u></u>

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

Unrestricted Fund Balance:	
Assigned Fund Balance	\$ 568,371
Unassigned Fund Balance	<u>703,177</u>
Total Unrestricted Fund Balance	<u><u>1,271,548</u></u>
Less:	
Appropriated Fund Balance	\$ 500,000
Encumbrances Included in Assigned Fund Balance	<u>68,371</u>
Total Adjustments	<u><u>568,371</u></u>
General Fund Fund Balance Subject to §1318 of Real Property Law	<u><u>\$ 703,177</u></u>
Actual Percentage	3.96%

DEPOSIT CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2021

PROJECT TITLE	Expenditures						Methods of Financing				Fund Balance June 30, 2021	
	Original Budget	Revised Budget	Prior Years	Current Year	Transfer to Debt Service / General Fund	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources		Total
2021 Buses	\$ 257,000	\$ 257,000	\$ -	\$253,016	\$ 3,984	\$ 257,000	\$ -	\$ -	\$ -	\$ 257,000	\$ 257,000	\$ -
District-Wide 7999-02	200,000	200,000	118,906	-	40,547	159,453	40,547	-	-	159,453	159,453	-
UPK Project 7999-03	100,000	100,000	-	91,109	8,891	100,000	-	251,862	-	242,252	494,114	394,114 *
2020-2021 Capital Project 9999-999	266,000	266,000	-	102,099	-	102,099	163,901	-	-	-	-	(102,099) *
Capital Improvements	80,082	1,150,242	241,033	81,654	-	322,687	827,555	812,724	-	-	812,724	490,037 *
Smart Bonds Jr./Sr. High School 0001-021	229,400	229,400	-	-	-	-	229,400	-	-	-	-	- *
Early Education Center 0002-009	150,000	150,000	149,471	529	-	150,000	-	-	-	150,000	150,000	-
2020-2021 Authorized Project	-	-	-	-	-	-	-	-	-	3,300,000	3,300,000	3,300,000 *
Smart Bonds Elementary School 0002-009	385,878	385,878	-	-	-	-	385,878	-	-	-	-	- *
Subtotal	1,668,360	2,738,520	509,410	528,407	53,422	1,091,239	1,647,281	1,064,586	-	4,108,705	5,173,291	4,082,052
Unredeemed BANs - Construction	-	-	-	-	-	-	-	(1,458,000)	-	-	(1,458,000)	(1,458,000)
Unredeemed BANs - Buses	-	-	-	-	-	-	-	(813,752)	-	-	(813,752)	(813,752)
Total	\$1,668,360	\$2,738,520	\$ 509,410	\$528,407	\$ 53,422	\$1,091,239	\$ 1,647,281	\$ (1,207,166)	\$ -	\$4,108,705	\$2,901,539	\$ 1,810,300

*Architectural and State approved budget modifications for sub-project reallocations not yet finalized and were unavailable at this report date.

DEPOSIT CENTRAL SCHOOL DISTRICT

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS FOR THE YEAR ENDED JUNE 30, 2021

Capital Assets, Net	<u>\$ 20,678,993</u>
Deduct	
Premium on Bonds Payable - Short-Term Portion	<u>(56,276)</u>
Premium on Bonds Payable - Long-Term Portion	<u>(562,756)</u>
BANs Payable	<u>(2,271,752)</u>
Short-Term Portion of Bonds Payable	<u>(630,000)</u>
Long-Term Portion of Bonds Payable	<u>(4,785,000)</u>
Less: Unspent Bond Proceeds	<u>641,899</u>
Net Investment in Capital Assets	<u><u>\$ 13,015,108</u></u>

DEPOSIT CENTRAL SCHOOL DISTRICT

BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2021

	Special Revenue Funds			Debt Service Fund	Total Non-Major Governmental Funds
	Special Aid Fund	School Lunch Fund	Miscellaneous Special Revenue Fund		
ASSETS					
Cash - Unrestricted	\$ 26,249	\$ -	\$ -	\$ -	\$ 26,249
Cash - Restricted	-	253,585	32,680	192,986	479,251
Receivables:					
Due from Other Funds	-	-	-	35	35
State and Federal Aid	180,737	134,494	-	-	315,231
Other	-	303	-	-	303
Inventories	-	22,740	-	-	22,740
Total Assets	\$206,986	\$411,122	\$ 32,680	\$ 193,021	\$ 843,809
Payables:					
Accounts Payable	\$ 1,308	\$ 1,118	\$ -	\$ -	\$ 2,426
Accrued Liabilities	3,832	6,542	-	-	10,374
Due to Other Funds	188,451	-	-	-	188,451
Due to Other Governments	-	361	-	-	361
Unearned Revenues	13,395	1,950	-	-	15,345
Total Liabilities	206,986	9,971	-	-	216,957
FUND BALANCES					
Nonspendable	-	22,740	-	-	22,740
Restricted	-	378,411	32,680	193,021	604,112
Total Fund Balances	-	401,151	32,680	193,021	626,852
Total Liabilities and Fund Balances	\$206,986	\$411,122	\$ 32,680	\$ 193,021	\$ 843,809

DEPOSIT CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Total Non-Major Governmental Funds</u>
	<u>Special Aid Fund</u>	<u>School Lunch Fund</u>	<u>Miscellaneous Special Revenue Fund</u>		
REVENUES					
Use of Money and Property	\$ -	\$ 11	\$ 6	\$ 1,378	\$ 1,395
Miscellaneous	12,062	62	1,837	-	13,961
State Sources	129,560	53,244	-	-	182,804
Federal Sources	448,758	788,183	-	-	1,236,941
Sales - School Lunch	-	13,204	-	-	13,204
Total Revenues	<u>590,380</u>	<u>854,704</u>	<u>1,843</u>	<u>1,378</u>	<u>1,448,305</u>
EXPENDITURES					
Instruction	561,271	188,506	-	-	749,777
Pupil Transportation	11,737	-	-	-	11,737
Employee Benefits	28,762	76,054	-	-	104,816
Cost of Sales	-	249,769	-	-	249,769
Other Expenditures	-	-	1,450	-	1,450
Total Expenditures	<u>601,770</u>	<u>514,329</u>	<u>1,450</u>	<u>-</u>	<u>1,117,549</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(11,390)</u>	<u>340,375</u>	<u>393</u>	<u>1,378</u>	<u>330,756</u>
OTHER FINANCING SOURCES AND (USES)					
Operating Transfers In	11,390	-	-	3,984	15,374
Operating Transfers (Out)	-	-	-	(6,000)	(6,000)
Total Other Sources (Uses)	<u>11,390</u>	<u>-</u>	<u>-</u>	<u>(2,016)</u>	<u>9,374</u>
Net Change in Fund Balance	-	340,375	393	(638)	340,130
Fund Balances - Beginning of Year, as Restated	-	60,776	32,287	193,659	286,722
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ 401,151</u>	<u>\$ 32,680</u>	<u>\$193,021</u>	<u>\$ 626,852</u>

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

Board of Education
Deposit Central School District
Deposit, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Deposit Central School District (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, 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 the School District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 13, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE**

Board of Education
Deposit Central School District
Deposit, New York

Report on Compliance for Each Major Federal Program

We have audited the Deposit Central School District's (the School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2021. The School District's major federal programs are identified in the summary of auditors' 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 the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 the 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 of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Deposit 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001. Our opinion on the major federal programs is not modified with respect to this matter. Deposit Central School District's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the 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 the 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 School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be 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.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 13, 2021

DEPOSIT CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass - Through Grantor Program Title	Federal CFDA #	Pass Through Grantor #	Passed Through to Subrecipients	Expenditures
U.S. Department of Education				
Passed Through NYS Department of Education				
Title I Grants to Local Educational Agencies	84.010	0021210175	\$ -	\$ 179,837
Supporting Effective Instruction State Grants	84.367	0147210175	-	9,617
Supporting Effective Instruction State Grants	84.367	0147200175	-	18,332
Subtotal			-	27,949
Special Education Cluster:				
Special Education - Grants to States	84.027	0032210057	-	107,588
Special Education - Grants to States	84.027	0032200057	-	154
Special Education - Preschool Grants	84.173	0033210057	-	837
Total Special Education Cluster			-	108,579
Rural Education Achievement Program	84.358B	0006210175	-	8,040
Full-Service Community Schools Program	84.215J	021SUB359	-	108,670
Full-Service Community Schools Program	84.215J	020SUB359	-	15,683
Subtotal			-	124,353
Education Stabilization Fund:				
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	5890210175	-	560
COVID-19 Governor's Emergency Education Relief Fund	84.425C	5895210175	-	94
Subtotal			-	654
Total U.S. Department of Education			-	449,412
U.S. Department of Agriculture				
Passed Through NYS Department of Education				
Child Nutrition Cluster:				
COVID-19-Summer Food Program	10.559	(1)	-	788,183
Total Child Nutrition Cluster			-	788,183
Total U.S. Department of Agriculture			-	788,183
Total Expenditures of Federal Awards			\$ -	\$ 1,237,595

(1) - Unable to determine.

See Notes to Schedule of Expenditures of Federal Awards

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2021

Note 1 **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal awards programs administered by the Deposit Central School District, an entity as defined in Note 1 to the Deposit Central School District's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2 **Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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, preparation of the financial statements.

Note 3 **Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The Deposit Central School District has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

Note 4 **Matching Costs**

Matching costs, such as the Deposit Central School District's share of certain program costs, are not included in the reported expenditures.

Note 5 **Non-Monetary Federal Program**

The Deposit Central School District is the recipient of a Federal award program that does not result in cash receipts or disbursements termed a "non-monetary program." During the year ended June 30, 2021, the Deposit Central School District received \$27,259 worth of commodities under the Summer Food Service Program (CFDA #10.559).

Note 6 **Subrecipients**

No amounts were provided to subrecipients.

Note 7 **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 School District's casualty insurance policies.

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

DEPOSIT CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

___ yes √ no

Significant deficiency(ies) identified that are not
considered to be material weakness(es)?

___ yes √ none reported

Noncompliance material to financial statements noted?

___ yes √ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

___ yes √ no

Significant deficiency(ies) identified that are not
considered to be material weakness(es)?

___ yes √ 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)?

√ yes ___ no

Identification of major programs:

CFDA Numbers

10.559

Name of Federal Program or Cluster

Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B
Programs

\$ 750,000

Auditee qualified as low risk?

___ yes √ no

DEPOSIT CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

Section II Financial Statement Findings None

Section III Federal Award Findings and Questioned Costs

2021-001 Net Cash Resources

Condition: At June 30, 2021, net cash resources in the school lunch fund exceeded the allowable limit of cash by \$226,062.

Criteria: The school food authority shall limit its net cash resources to an amount that does not exceed 3 months' average expenditures for its school lunch fund or such other amount as may be approved by the New York State agency in accordance with §210.19(a).

Cause: Revenues exceeded expenditures by \$340,375 in the school lunch fund for the year ended June 30, 2021.

Effect: The School District is not in compliance with 7 CFR §210.19(a).

Recommendation: We recommend the School District review its net cash resources in the School Lunch Fund and develop a plan to reduce them to an allowable amount.

Management Response: The School District agrees with condition, cause and recommendation.