

**WILSON CENTRAL SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**

**Table of Contents**

June 30, 2021

---

Independent Auditors' Report

Management's Discussion and Analysis

Financial Statements

Statement of Net Position

Statement of Activities

Balance Sheet – Governmental Funds

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP) and Actual - General Fund

Statements of Fiduciary Net Position and Changes in Fiduciary Net Position – Custodial Fund

Notes to Financial Statements

Required Supplementary Information (Unaudited)

Schedule of the District's Proportionate Share of the Net Pension Position – New York State Teachers' Retirement System

Schedule of District Contributions – New York State Teachers' Retirement System

Schedule of the District's Proportionate Share of the Net Pension Position – New York State and Local Employees' Retirement System

Schedule of District Contributions – New York State and Local Employees' Retirement System

Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability and Related Ratios

Supplementary Information

Schedule of Change from Original to Final Budget and Calculation of Unrestricted Fund Balance Limit – General Fund

Schedule of Capital Project Expenditures

Schedule of Expenditures of Federal Awards and related notes

Reports on Federal Award Programs

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*

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

Schedule of Findings and Questioned Costs

## INDEPENDENT AUDITORS' REPORT

The Board of Education  
Wilson Central School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of Wilson Central School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of the District as of June 30, 2021, and the respective changes in financial position and budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Change in Accounting Principle*

As described in Note 2 to the financial statements, the District adopted GASB Statement No. 84, *Fiduciary Activities*, in 2021. Our opinion is not modified with respect to this matter.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the 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 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 financial statements, and other knowledge we obtained during our audit of the 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.

### *Supplementary Information*

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

The accompanying supplementary information including the schedule of expenditures of federal awards is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 accompanying supplementary information including the schedule of expenditures of federal awards is 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 12, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



October 12, 2021

**Management's Discussion and Analysis (unaudited)**

June 30, 2021

---

**Introduction**

Management's Discussion and Analysis (MD&A) of Wilson Central School District (the District) provides an overview of the District's financial performance and activities for the year ended June 30, 2021. The information contained in the MD&A should be considered in conjunction with the information presented as part of the District's financial statements that follow. This MD&A, the financial statements, and notes thereto are essential to a full understanding of the District's financial position and results of operations. The District's financial statements have the following components: (1) government-wide financial statements, (2) governmental fund financial statements, (3) reconciliations between the government-wide and governmental fund financial statements, (4) fiduciary fund statements, (5) notes to the financial statements, and (6) supplementary information.

In 2021, the District adopted GASB Statement No. 84, *Fiduciary Activities*. This statement redefines activities considered to be fiduciary, and as a result, payroll and employee third party withholdings are now recorded in the general fund and scholarship activity is reflected in a miscellaneous special revenue fund. In addition, fiduciary liabilities are only recognized when an event has occurred that compels the District to disburse fiduciary resources.

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the net difference reported as net position. The statement of activities presents information showing how the District's net position changed during each year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future periods. The government-wide financial statements present information about the District as a whole. All of the activities of the District are considered to be governmental activities.

Governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the year. Such information may be useful in evaluating the District's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. The reconciliation portion of the financial statements facilitates the comparison between governmental funds and governmental activities.

Fiduciary funds are used to report fiduciary activities, which may include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District maintains a custodial fund for student activity accounts. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's programs. The notes to the financial statements provide additional information that is essential for a full understanding of the government-wide, governmental fund, and fiduciary fund financial statements.

Supplementary information further explains and supports the financial statements and includes information required by generally accepted accounting principles and the New York State Education Department.

<b>Condensed Statement of Net Position</b>	<b>2021</b>	2020	Change	
			\$	%
Current and other assets	\$ 22,309,000	\$ 22,261,000	\$ 48,000	0.2%
Capital assets	30,918,000	31,370,000	(452,000)	(1.4%)
<b>Total assets</b>	<b>53,227,000</b>	53,631,000	(404,000)	(0.8%)
<b>Deferred outflows of resources</b>	<b>7,978,000</b>	7,080,000	898,000	12.7%
Long-term liabilities	16,956,000	13,324,000	3,632,000	27.3%
Other liabilities	1,632,000	9,501,000	(7,869,000)	(82.8%)
<b>Total liabilities</b>	<b>18,588,000</b>	22,825,000	(4,237,000)	(18.6%)
<b>Deferred inflows of resources</b>	<b>5,474,000</b>	2,324,000	3,150,000	135.5%
Net position				
Net investment in capital assets	20,258,000	20,871,000	(613,000)	(2.9%)
Restricted	16,997,000	13,988,000	3,009,000	21.5%
Unrestricted	(112,000)	703,000	(815,000)	(115.9%)
<b>Total net position</b>	<b>\$ 37,143,000</b>	\$ 35,562,000	\$ 1,581,000	4.4%

Net position amounted to \$37,143,000 and \$35,562,000 as of June 30, 2021 and 2020, respectively. A significant portion of the District's net position reflects its investment in capital assets consisting of land, buildings and improvements, and furniture and equipment, less outstanding debt used to acquire those assets. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

The District's net position includes resources that are subject to external restrictions on how they may be used, which include scholarships donated for the benefit of students and reserves set aside for specific purposes governed by laws. These reserves consist of the debt service reserve, which is set aside for the repayment of bonds issued to finance capital projects; the capital reserve, which is dedicated for future renovations as approved by the District's voters; the workers' compensation reserve, which is restricted to pay expenses incurred as part of the District's participation in a workers' compensation consortium; and the retirement contribution reserve, which is restricted to fund contributions paid by the District to the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). Other restricted resources include the unemployment insurance, employee benefit accrued liability, insurance, and tax certiorari reserves.

Total assets decreased \$404,000 (\$7,806,000 or 17.0% increase in 2020) primarily from the addition of \$1,461,000 of capital assets, net of depreciation expense and disposals of \$1,913,000. Current and other assets increased \$48,000 due to an increase in cash of \$1,432,000 from positive operating results, offset due to the change in the TRS net pension position from an asset of \$1,408,000 in 2020 to a liability of \$1,509,000 in 2021.

Long-term liabilities increased \$3,632,000 (\$338,000 or 2.6% increase in 2020) and other liabilities decreased by \$7,869,000 (\$6,612,000 or 228.9% increase in 2020) primarily due to the District's \$6,805,000 bond issuance, which was used to repay outstanding bond anticipation notes (BANs) of \$7,230,000. The increase in long-term liabilities was offset by a decrease in the District's total other postemployment benefits (OPEB) liability of \$2,667,000 and required bond payments of \$425,000.

Changes in deferred outflows and deferred inflows of resources include changes in the District's actuarially-determined OPEB activity as well as changes in pension activity at the State level, which are required to be reflected on the District's financial statements. Deferred outflows of resources include contributions required to be paid by the District to the State pension systems and the OPEB plan after the measurement date, and as such are not included in the current net pension position. Deferred outflows of resources and deferred inflows of resources also reflect variances from actuarial assumptions, actual results of investment earnings compared to projected earnings, and changes of assumptions.

<b>Condensed Statement of Activities</b>	<b>2021</b>	2020	Change	
			\$	%
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 55,000	\$ 178,000	\$ (123,000)	(69.1%)
Operating grants and contributions	1,460,000	1,350,000	110,000	8.1%
Capital grants and contributions	640,000	-	640,000	100%
General revenues				
Property taxes	12,541,000	12,208,000	333,000	2.7%
State aid	13,798,000	14,688,000	(890,000)	(6.1%)
Other	593,000	520,000	73,000	14.0%
<b>Total revenues</b>	<b>29,087,000</b>	<b>28,944,000</b>	<b>143,000</b>	<b>0.5%</b>
<b>Expenses</b>				
Instruction	21,948,000	22,404,000	(456,000)	(2.0%)
Support services				
General support	3,490,000	3,423,000	67,000	2.0%
Pupil transportation	1,516,000	1,185,000	331,000	27.9%
Food service	483,000	550,000	(67,000)	(12.2%)
Interest and other	180,000	263,000	(83,000)	(31.6%)
<b>Total expenses</b>	<b>27,617,000</b>	<b>27,825,000</b>	<b>(208,000)</b>	<b>(0.7%)</b>
Change in net position	1,470,000	1,119,000	351,000	31.4%
Net position – beginning	35,562,000	34,443,000	1,119,000	3.2%
Cumulative effect of GASB 84	111,000	-	111,000	
Net position – beginning as restated	35,673,000	34,443,000	1,230,000	3.6%
<b>Net position – ending</b>	<b>\$ 37,143,000</b>	<b>\$ 35,562,000</b>	<b>\$ 1,581,000</b>	<b>4.4%</b>

District revenues increased \$143,000 in 2021 (2.9% or \$807,000 increase in 2020). Decreases in state aid of \$890,000 are due to State budget cuts as a result of COVID-19 and decreases in building aid and transportation aid. Capital grants and contributions increased \$640,000 as a result of Smart Schools Bond Act capital project reimbursements.

Total expenses decreased \$208,000 (\$2,122,000 or 8.3% increase in 2020). Pension expense for TRS and ERS, as calculated by the Plans' actuaries, decreased \$74,000 (\$1,210,000 or 105.3% increase in 2020) and actuarially determined OPEB expense decreased by \$228,000 (\$166,000 or 58.0% increase in 2020). BOCES costs decreased by \$338,000 due to four high-cost students moving out of District during 2021. Interest expense decreased \$83,000 (\$91,000 or 52.9% increase in 2020) as a result of debt paid off during 2021 and converted to permanent financing at a lower interest rate. District transportation costs increased \$331,000 (decrease of \$536,000 in 2020) which was due to bus services operating for a full year in 2021. In 2020, due to the COVID-19 pandemic, the District was closed and bus services were halted from mid-March through June.

### Financial Analysis of the District's Funds

Total fund balances for the governmental funds increased from \$11,497,000 to \$20,685,000. Revenues of \$28,943,000, other sources of \$7,374,000, and the cumulative effect of an accounting principle change of \$111,000 exceeded expenditures of \$27,240,000, resulting in an increase in total fund balance of \$9,188,000.

- As mentioned previously, the District's bond issuance of \$6,805,000 and related bond premium of \$144,000 accounted for \$6,949,000 of the increase in fund balance.
- Total fund revenue is consistent with the prior year, decreasing by only \$1,000 (increase of \$807,000 or 2.9% in 2020). Decreases in State aid of \$323,000 and interest income of \$224,000 were offset by increases in Federal sources of \$200,000 and real property taxes and related items of \$333,000.

- Total fund expenditures decreased \$5,687,000 or 17.3% (increase of \$3,412,000 or 11.6% in 2020). Capital outlay totaled \$1,466,000 compared to \$6,270,000 in 2020 due to completion of the District’s capital projects during 2021. Instruction expenses decreased \$576,000 or 3.9% in 2020 (\$415,000 or 2.9% increase in 2020) due to decreases in BOCES costs previously mentioned. Debt service also decreased \$694,000 or 37.3% (\$483,000 or 20.6% decrease in 2020) due to timing of required payments on the District’s BANs and bonds. These decreases were offset by an increase in pupil transportation costs previously explained.
- The general fund experienced an increase in fund balance of \$2,614,000 during 2021 compared to an increase of \$2,168,000 in 2020. This increase was primarily cause by the reduction instructional expenses as well as a decrease in required debt service payments, both mentioned previously. This increase was offset by the increase in pupil transportation expenses as mentioned previously.
- The capital projects fund experienced an increase in fund balance of \$6,216,000 compared to a decrease of \$6,151,000 in 2020 due to the bond proceeds mentioned previously.
- Fund balance in the school lunch fund decreased \$7,000 to \$189,000 in 2021 (\$11,000 decrease in 2020), due to fewer sales as students continued remote learning because of the ongoing COVID-19 pandemic.
- At June 30, 2021, the debt service reserve was \$2,710,000 (an increase of \$251,000 from 2020) and will be used to repay long-term debt as required by General Municipal Law.

### General Fund Budgetary Highlights

Total revenues of \$27,056,000 were less than budgeted revenue by \$81,000. The expenditure budget and carryover encumbrances were \$28,149,000.

Actual expenditures and carryover encumbrances were less than the final amended budget by \$3,559,000 or 12.6%. This difference is attributable to many factors and many unknown items when the budget is prepared, and also reflects the impact of COVID-19 on the District’s ability to provide services to students. The District generated savings in programs for children with handicapping conditions, pupil transportation, employee benefits, teaching regular school, and employee benefits.

### Capital Assets

	2021	2020
Land	\$ 84,000	\$ 84,000
Construction in progress	-	8,504,000
Land improvements	1,477,000	1,880,000
Buildings and improvements	53,024,000	43,656,000
Fixtures and equipment	3,362,000	2,784,000
	<b>57,947,000</b>	56,908,000
Accumulated depreciation	<b>(27,029,000)</b>	(25,538,000)
	<b>\$ 30,918,000</b>	\$ 31,370,000

Current year additions of \$1,461,000 were offset by depreciation expense and disposals of \$1,913,000.

### Debt

At June 30, 2021, the District had \$10,660,000 in bonds outstanding, with \$870,000 due within one year (\$4,280,000 outstanding at June 30, 2020). Outstanding compensated absences payable were \$578,000, with \$121,000 expected to be paid within one year (\$634,000 outstanding at June 30, 2020).

Additional information on the District’s long-term liabilities can be found in the notes to the financial statements.



### **Current Financial Issues and Concerns**

The full extent of the impact of COVID-19 on the District's operational and financial performance will depend on further developments, including the duration and spread of the outbreak and its impact on school districts, including their residents, employees, and vendors, none of which can be predicted. Federal revenue sources are expected to increase due to additional pandemic-related funding, but the full extent of Federal assistance is not yet known.

School districts in New York State are impacted by the political pressures imposed on elected officials in funding of education. Year to year changes in funding levels and State aid formulas complicate this process.

### **Contacting the District's Financial Management**

This financial report is designed to provide our District residents, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances, and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Carolyn Oliveri, Business Administrator, Wilson Central School District, 412 Lake Street, Wilson, New York 14172.

WILSON CENTRAL SCHOOL DISTRICT

**Statement of Net Position**

June 30, 2021

(With comparative totals as of June 30, 2020)

	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 21,059,054	\$ 19,626,715
Accounts receivable, net	29,919	35,526
Due from other governments, net	460,980	418,804
State and federal aid receivable, net	724,267	638,369
Due from fiduciary funds	-	15,916
Inventory and prepaid expenses	34,859	117,854
Net pension asset	-	1,407,862
Capital assets (Note 6)	57,947,190	56,907,803
Accumulated depreciation	(27,029,686)	(25,538,015)
<b>Total assets</b>	<b>53,226,583</b>	<b>53,630,834</b>
<b>Deferred Outflows of Resources</b>		
Deferred outflows of resources related to pensions	6,755,403	5,741,946
Deferred outflows of resources related to OPEB	1,222,548	1,338,495
<b>Total deferred outflows of resources</b>	<b>7,977,951</b>	<b>7,080,441</b>
<b>Liabilities</b>		
Accounts payable	239,025	774,285
Accrued liabilities	379,872	572,834
Due to retirement systems	1,012,869	923,674
Bond anticipation notes	-	7,230,000
Long-term liabilities		
Due within one year:		
Bonds	870,000	425,000
Compensated absences	121,000	133,000
Due beyond one year:		
Bonds	9,790,000	3,855,000
Compensated absences	457,000	501,000
Net pension liability	1,515,694	1,539,976
Total OPEB liability	4,202,829	6,870,272
<b>Total liabilities</b>	<b>18,588,289</b>	<b>22,825,041</b>
<b>Deferred Inflows of Resources</b>		
Deferred inflows of resources related to pensions	2,632,568	1,952,380
Deferred inflows of resources related to OPEB	2,841,129	371,950
<b>Total deferred inflows of resources</b>	<b>5,473,697</b>	<b>2,324,330</b>
<b>Net Position</b>		
Net investment in capital assets	20,257,504	20,870,698
Restricted	16,996,959	13,988,109
Unrestricted	(111,915)	703,097
<b>Total net position</b>	<b>\$ 37,142,548</b>	<b>\$ 35,561,904</b>

See accompany notes.

WILSON CENTRAL SCHOOL DISTRICT

**Statement of Activities**

For the year ended June 30, 2021

(With summarized comparative totals for June 30, 2020)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2021	2020
<b>Governmental activities</b>						
General support	\$ 3,490,310	\$ 10,000	\$ 550	\$ -	\$ (3,479,760)	\$ (3,406,726)
Instruction	21,947,475	12,434	1,043,268	640,486	(20,251,287)	(21,410,347)
Pupil transportation	1,516,178	-	-	-	(1,516,178)	(1,184,710)
Community services	-	-	-	-	-	(1,074)
Interest expense	180,361	-	-	-	(180,361)	(261,656)
School food service	483,270	31,994	416,436	-	(34,840)	(32,566)
	<u>\$ 27,617,594</u>	<u>\$ 54,428</u>	<u>\$ 1,460,254</u>	<u>\$ 640,486</u>	<u>(25,462,426)</u>	<u>(26,297,079)</u>
<b>General revenues</b>						
					12,541,113	12,207,963
Real property taxes					592,772	520,195
Miscellaneous					13,797,977	14,688,112
State aid					<u>26,931,862</u>	<u>27,416,270</u>
<b>Total general revenues</b>						
					1,469,436	1,119,191
Change in net position						
					35,561,904	34,442,713
Net position - beginning					111,208	-
Cumulative effect of a change in accounting principle (Note 2)					<u>35,673,112</u>	<u>34,442,713</u>
Net position - beginning as restated						
<b>Net position - ending</b>					<b>\$ 37,142,548</b>	<b>\$ 35,561,904</b>

WILSON CENTRAL SCHOOL DISTRICT

**Balance Sheet - Governmental Funds**

June 30, 2021

(With summarized comparative totals as of June 30, 2020)

	General	Debt Service	Special Aid	Capital Projects	School Lunch	Miscellaneous Special Revenue	Total Governmental Funds	
							2021	2020
<b>Assets</b>								
Cash and cash equivalents	\$ 18,144,797	\$ 2,709,442	\$ 15,499	\$ 701	\$ 75,995	\$ 112,620	\$ 21,059,054	\$ 19,626,715
Accounts receivable, net	29,919	-	-	-	-	-	29,919	35,526
Due from other governments, net	460,980	-	-	-	-	-	460,980	418,804
State and federal aid receivable, net	428,601	-	210,832	-	84,834	-	724,267	638,369
Due from other funds, net	203,497	700	-	-	-	-	204,197	580,789
Inventory and prepaid expenses	-	-	-	-	34,859	-	34,859	117,854
<b>Total assets</b>	<b>\$ 19,267,794</b>	<b>\$ 2,710,142</b>	<b>\$ 226,331</b>	<b>\$ 701</b>	<b>\$ 195,688</b>	<b>\$ 112,620</b>	<b>\$ 22,513,276</b>	<b>\$ 21,418,057</b>
<b>Liabilities and Fund Balances</b>								
Accounts payable	\$ 207,046	\$ -	\$ 25,627	\$ -	\$ 6,352	\$ -	\$ 239,025	\$ 774,285
Accrued liabilities	371,872	-	-	-	-	-	371,872	427,834
Due to retirement systems	1,012,869	-	-	-	-	-	1,012,869	923,674
Due to other funds, net	-	-	200,704	3,493	-	-	204,197	564,873
Bond anticipation notes	-	-	-	-	-	-	-	7,230,000
<b>Total liabilities</b>	<b>1,591,787</b>	<b>-</b>	<b>226,331</b>	<b>3,493</b>	<b>6,352</b>	<b>-</b>	<b>1,827,963</b>	<b>9,920,666</b>
<b>Fund Balances</b>								
Nonspendable:								
Inventory	-	-	-	-	34,859	-	34,859	39,293
Prepaid expenses	-	-	-	-	-	-	-	78,561
Restricted:								
Debt service	-	2,710,142	-	-	-	-	2,710,142	2,458,800
Unemployment insurance	398,972	-	-	-	-	-	398,972	398,692
Capital	9,830,656	-	-	-	-	-	9,830,656	7,256,049
Employee benefit accrued liability	377,899	-	-	-	-	-	377,899	377,634
Insurance	749,809	-	-	-	-	-	749,809	749,290
Workers' compensation	836,006	-	-	-	-	-	836,006	835,428
Retirement contribution	2,074,541	-	-	-	-	-	2,074,541	1,893,296
Tax certiorari	18,934	-	-	-	-	-	18,934	18,920
Scholarships	-	-	-	-	-	112,620	112,620	-
Assigned:								
Designated for subsequent year's expenditures	500,000	-	-	-	-	-	500,000	500,000
Other purposes	85,700	-	-	-	154,477	-	240,177	309,112
Unassigned	2,803,490	-	-	(2,792)	-	-	2,800,698	(3,417,684)
<b>Total fund balances (deficit)</b>	<b>17,676,007</b>	<b>2,710,142</b>	<b>-</b>	<b>(2,792)</b>	<b>189,336</b>	<b>112,620</b>	<b>20,685,313</b>	<b>11,497,391</b>
<b>Total liabilities and fund balances</b>	<b>\$ 19,267,794</b>	<b>\$ 2,710,142</b>	<b>\$ 226,331</b>	<b>\$ 701</b>	<b>\$ 195,688</b>	<b>\$ 112,620</b>	<b>\$ 22,513,276</b>	<b>\$ 21,418,057</b>

See accompanying notes.

**Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position**

June 30, 2021

---

<b>Total fund balances - governmental funds</b>		\$ 20,685,313
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported as assets in governmental funds.		30,917,504
The District's proportionate share of the net pension position as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:		
Deferred outflows of resources related to pensions	6,755,403	
Net pension liability	(1,515,694)	
Deferred inflows of resources related to pensions	<u>(2,632,568)</u>	2,607,141
The District's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:		
Deferred outflows of resources related to OPEB	1,222,548	
Total OPEB liability	(4,202,829)	
Deferred inflows of resources related to OPEB	<u>(2,841,129)</u>	(5,821,410)
Certain liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds. These liabilities are:		
Bonds	(10,660,000)	
Accrued interest	(8,000)	
Compensated absences	<u>(578,000)</u>	(11,246,000)
<b>Net position - governmental activities</b>		<u>\$ 37,142,548</u>

WILSON CENTRAL SCHOOL DISTRICT

**Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Governmental Funds**

For the year ended June 30, 2021  
(With summarized comparative totals for June 30, 2020)

	General	Debt Service	Special Aid	Capital Projects	School Lunch	Miscellaneous Special Revenue	Total Governmental Funds	
							2021	2020
<b>Revenues</b>								
Real property taxes	\$ 10,721,409	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,721,409	\$ 10,290,183
Real property tax items	1,819,704	-	-	-	-	-	1,819,704	1,917,780
Charges for services	12,434	-	-	-	-	-	12,434	18,601
Use of money and property	20,456	946	-	-	-	-	21,402	252,256
Sale of property and compensation for loss	7,150	-	-	-	-	-	7,150	755
Miscellaneous	425,270	-	-	-	6,548	5,511	437,329	306,535
State sources	13,797,977	-	227,123	640,486	13,265	-	14,678,851	15,002,110
Federal sources	251,874	-	564,271	-	396,623	-	1,212,768	1,012,827
Sales	-	-	-	-	31,994	-	31,994	143,232
<b>Total revenues</b>	<b>27,056,274</b>	<b>946</b>	<b>791,394</b>	<b>640,486</b>	<b>448,430</b>	<b>5,511</b>	<b>28,943,041</b>	<b>28,944,279</b>
<b>Expenditures</b>								
General support	2,630,780	-	-	-	217,095	4,099	2,851,974	2,783,887
Instruction	13,642,850	-	645,143	-	-	-	14,287,993	14,863,900
Pupil transportation	1,492,315	-	-	-	-	-	1,492,315	1,184,710
Community services	-	-	-	-	-	-	-	1,074
Employee benefits	5,571,484	-	169,658	-	82,385	-	5,823,527	5,756,967
Debt service								
Principal	850,000	-	-	-	-	-	850,000	1,740,000
Interest	317,361	-	-	-	-	-	317,361	121,656
Cost of sales	-	-	-	-	151,008	-	151,008	204,959
Capital outlay	-	-	-	1,461,423	4,715	-	1,466,138	6,270,133
<b>Total expenditures</b>	<b>24,504,790</b>	<b>-</b>	<b>814,801</b>	<b>1,461,423</b>	<b>455,203</b>	<b>4,099</b>	<b>27,240,316</b>	<b>32,927,286</b>
Excess revenues (expenditures)	2,551,484	946	(23,407)	(820,937)	(6,773)	1,412	1,702,725	(3,983,007)
<b>Other financing sources (uses)</b>								
Proceeds from issuance of bonds	-	143,989	-	6,805,000	-	-	6,948,989	-
BANs redeemed from appropriations	-	-	-	425,000	-	-	425,000	-
Operating transfers, net	62,951	106,407	23,407	(192,765)	-	-	-	-
	62,951	250,396	23,407	7,037,235	-	-	7,373,989	-
Net change in fund balances	2,614,435	251,342	-	6,216,298	(6,773)	1,412	9,076,714	(3,983,007)
Fund balances (deficit) - beginning	15,061,572	2,458,800	-	(6,219,090)	196,109	-	11,497,391	15,480,398
Cumulative effect of a change in accounting principle (Note 2)	-	-	-	-	-	111,208	111,208	-
Fund balances (deficit) - beginning, as restated	15,061,572	2,458,800	-	(6,219,090)	196,109	111,208	11,608,599	15,480,398
<b>Fund balances (deficit) - ending</b>	<b>\$ 17,676,007</b>	<b>\$ 2,710,142</b>	<b>\$ -</b>	<b>\$ (2,792)</b>	<b>\$ 189,336</b>	<b>\$ 112,620</b>	<b>\$ 20,685,313</b>	<b>\$ 11,497,391</b>

See accompanying notes.

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities**

For the year ended June 30, 2021

---

**Total net change in fund balances - governmental funds** \$ 9,076,714

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

Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of the assets is allocated over estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays. (452,284)

Pension expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. These differences are:

2021 TRS and ERS contributions	1,223,391	
2021 ERS accrued contribution	91,120	
2020 ERS accrued contribution	(79,198)	
2021 TRS pension expense	(2,064,602)	
2021 ERS pension expense	<u>(221,022)</u>	(1,050,311)

OPEB expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. 82,317

Payments of long-term liabilities are reported as expenditures in the governmental funds and as a reduction of debt in the statement of net position. 425,000

Bond proceeds are recognized as other financing sources in the year the bonds are issued. In the government-wide statements, the debt is reflected as long-term liabilities. (6,805,000)

In the statement of activities, certain expenses are measured by the amounts earned during the year. In the governmental funds these expenditures are reported when paid. These differences are:

Compensated absences	56,000	
Interest	<u>137,000</u>	<u>193,000</u>

**Change in net position - governmental activities** **\$ 1,469,436**

---

WILSON CENTRAL SCHOOL DISTRICT

**Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP) and Actual - General Fund**

For the year ended June 30, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
<b>Revenues</b>					
Local sources					
Real property taxes	\$ 12,466,252	\$ 10,721,409	\$ 10,721,409		\$ -
Real property tax items	66,309	1,811,152	1,819,704		8,552
Charges for services	9,000	9,000	12,434		3,434
Use of money and property	52,000	52,000	20,456		(31,544)
Sale of property and compensation for loss	200	200	7,150		6,950
Miscellaneous	190,000	190,000	425,270		235,270
State sources	14,278,132	14,278,132	13,797,977		(480,155)
Federal sources	75,000	75,000	251,874		176,874
<b>Total revenues</b>	<b>27,136,893</b>	<b>27,136,893</b>	<b>27,056,274</b>		<b>(80,619)</b>
<b>Expenditures</b>					
General support					
Board of education	41,000	41,000	33,921	-	(7,079)
Central administration	226,862	243,120	231,645	8,645	(2,830)
Finance	319,153	320,150	274,219	3,083	(42,848)
Staff	236,080	236,080	139,306	-	(96,774)
Central services	2,012,451	2,030,050	1,715,983	20,366	(293,701)
Special items	251,000	251,000	235,706	-	(15,294)
Instruction					
Instruction, administration, and improvement	699,780	715,365	678,551	-	(36,814)
Teaching - regular school	6,806,884	6,736,924	6,312,285	12,162	(412,477)
Programs for children with handicapping conditions	4,269,316	4,242,260	3,325,351	10,230	(906,679)
Occupational education	1,024,595	1,027,395	1,009,347	-	(18,048)
Teaching - special schools	13,210	13,210	5,516	-	(7,694)
Instructional media	976,742	978,917	958,719	-	(20,198)
Pupil services	1,512,629	1,542,896	1,353,081	31,214	(158,601)
Pupil transportation	2,342,062	2,332,062	1,492,315	-	(839,747)
Community services	1,500	1,500	-	-	(1,500)
Employee benefits	6,173,939	6,195,274	5,571,484	-	(623,790)
Debt service					
Principal	895,000	895,000	850,000	-	(45,000)
Interest	346,986	346,986	317,361	-	(29,625)
<b>Total expenditures</b>	<b>28,149,189</b>	<b>28,149,189</b>	<b>24,504,790</b>	<b>85,700</b>	<b>(3,558,699)</b>
Excess revenues (expenditures)	(1,012,296)	(1,012,296)	2,551,484	(85,700)	3,478,080
<b>Other financing sources (uses)</b>					
Operating transfers in	400,000	400,000	86,358		(313,642)
Operating transfers out	(40,000)	(40,000)	(23,407)		(16,593)
Appropriated fund balance and carryover encumbrances	652,296	652,296	-		(652,296)
<b>Total other financing sources (uses)</b>	<b>1,012,296</b>	<b>1,012,296</b>	<b>62,951</b>		<b>(949,345)</b>
<b>Excess revenues (expenditures) and other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,614,435</b>	<b>\$ (85,700)</b>	<b>\$ 2,528,735</b>



WILSON CENTRAL SCHOOL DISTRICT

---

**Statement of Fiduciary Net Position - Custodial Fund**

June 30, 2021

---

**Assets**

Cash \$ 73,571

**Liabilities**

Accrued liabilities 196

**Net Position**

Extraclass activity balances \$ 73,375

\* \* \*

WILSON CENTRAL SCHOOL DISTRICT

---

**Statement of Changes in Fiduciary Net Position - Custodial Fund**

For the year ended June 30, 2021

---

**Additions**

Student activity additions \$ 87,480

**Deductions**

Student activity deductions 90,209

Change in net position (2,729)

Net position - beginning 111,208

Cumulative effect of a change in accounting principle (Note 2) (35,104)

Net position - beginning as restated 76,104

**Net position - ending** \$ 73,375

---

**Notes to Financial Statements**

---

**1. Summary of Significant Accounting Policies**

**Reporting Entity**

Wilson Central School District (the District) is governed by Education and other laws of the State of New York (the State). The District’s Board of Education has responsibility and control over all activities related to public school education within the District. The District’s Superintendent is the chief executive officer and the President of the Board serves as the chief fiscal officer. The Board members are elected by the public and have decision-making authority, the power to designate management, the ability to influence operations, and the primary accountability for fiscal matters.

The District provides education and support services such as administration, transportation, and plant maintenance. The District receives funding from local, state, and federal sources and must comply with requirements of these funding sources. However, the District is not included in any other governmental reporting entity as defined by accounting principles generally accepted in the United States of America, nor does it contain any component units.

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

**Joint Venture**

The District is one of 13 participating school districts in the Orleans/Niagara Board of Cooperative Educational Services (BOCES). Formed under §1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that shares planning, services, and programs, and also provides educational and support activities. There is no authority or process by which the District can terminate its status as a component of BOCES.

The component school district boards elect the members of the BOCES governing body. There are no equity interests and no single participant controls the financial or operating policies. BOCES may also contract with other municipalities on a cooperative basis under State General Municipal Law.

A BOCES’ budget is comprised of separate spending plans for administrative, program, and capital costs. Each component school district shares in administrative and capital costs determined by its enrollment. Participating districts are charged a service fee for programs in which students participate, and for other shared contracted administrative services. Participating districts may issue debt on behalf of BOCES; there is no such debt issued by the District.

During the year ended June 30, 2021, the District was billed \$3,481,000 for BOCES administrative and program costs and recognized revenue of \$349,000 as a refund from prior year expenditures paid to BOCES. Audited financial statements are available from BOCES’ administrative offices.

**Public Entity Risk Pools**

The District participates in the Orleans/Niagara School Health Plan and the Niagara County Mutual Self-Insurance Plan, which are public entity risk pools. These plans are designed to provide health insurance and workers’ compensation coverage for participating entities. These activities are further presented in Note 11.

## Basis of Presentation

*Government-Wide Statements:* The statement of net position and the statement of activities display financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize double counting of internal activities. These statements are required to distinguish between *governmental* and *business-type* activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District does not maintain any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the 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 (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational requirements of a particular program, and (c) grants and contributions limited to the purchase or construction of specific capital assets. Revenues that are not classified as program revenues, including all taxes and state aid, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category - *governmental and fiduciary* - are presented. The emphasis of the fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- *Debt service fund.* This fund is used to account for resources that are restricted to expenditure for principal and interest. Financial resources that are being accumulated for principal and interest payments maturing in future years are also included in this fund.
- *Special aid fund.* This fund is used to account for the proceeds of specific revenue sources – other than expendable trusts or major capital projects – such as federal, state, and local grants and awards that are restricted or committed to expenditure for specific purposes. Either governments or other third parties providing the grant funds impose these restrictions.

The District also elected to display the following as major funds:

- *Capital projects fund.* This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- *School lunch fund.* This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are assigned to the operation of the District's breakfast and lunch programs.
- *Miscellaneous special revenue fund.* This fund is used to account for resources that are restricted to student scholarships. Donations are made by third parties and District personnel manage the funds and assist with determination of scholarship recipients.

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report fiduciary activities, which may include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District maintains a custodial fund for the collection and distribution of student activity accounts.

The financial statements include certain prior year summarized comparative information in total but not by separate governmental activities and major funds. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

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

The government-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 flows take place. Nonexchange transactions, in which the District receives value directly without giving equal value in exchange, include property taxes, grants, and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within ninety days after year end. 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. Capital asset purchases are reported as expenditures in governmental funds. Proceeds of long-term liabilities and equipment and property purchased under capital leases are reported as other financing sources.

Under the terms of grant agreements, revenues are recognized to the extent of program expenditures. Amounts received in advance of the expenditures are considered unearned and reported as revenue when the expense is incurred.

### **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### **Property Taxes**

The District levies real property taxes no later than September 1. For the year ended June 30, 2021, the tax lien was issued on August 11, 2020 for collection from September 1, 2020 through October 30, 2020. Thereafter, uncollected amounts became the responsibility of Niagara County. Such amounts were submitted to the District by April 1<sup>st</sup> of the following year as required by law.

### **Budget Process, Amendments, and Encumbrances**

District administration prepares a proposed budget for the general fund requiring approval by the Board. A public hearing is held upon completion and filing of the tentative budget. Subsequently, the budget is adopted by the Board. The proposed budget is then presented to voters of the District. The budget for the fiscal year beginning July 1, 2020 was approved by a majority of the voters in a general election held on June 9, 2020.

Annual appropriations are adopted and employed for control of the general fund. These budgets are adopted on a GAAP basis under the modified accrual basis of accounting. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations authorized for the current year may be increased by the planned use of specific restricted, committed, and assigned fund balances and subsequent budget amendments approved by the Board as a result of new revenue sources not included in the original budget.

Major capital expenditures are subject to individual project budgets based on the cost of the project and external financing rather than annual appropriations. For the capital projects fund, these budgets do not lapse at year end and are carried over to the completion of the project.

Encumbrance accounting is used to assure budgetary control over commitments related to unperformed (executory) contracts for goods or services outstanding at the end of each year. Encumbrances are budgetary expenditures in the year committed and again in the subsequent period when the expenditure is paid. All budget appropriations that are unencumbered lapse at the end of the fiscal year. Encumbrances outstanding at year end are presented for GAAP-related purposes as committed or assigned fund balances and do not constitute expenditures or liabilities. At July 1, encumbrances carried forward from the prior year are reestablished as budgetary appropriations.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits, U.S. Treasury bills, and other short-term investments with original maturities of three months or less.

**Inventory and Prepaid Expenses**

Inventory consists of food and similar food service goods related to school lunch operations and is recorded at the lower of first-in, first-out cost or net realizable value. Donated commodities are stated at values which approximate market. Certain payments to vendors reflect expenditures applicable to future periods and are reflected as prepaid expenses.

**Capital Assets**

Capital assets are reported at actual or estimated historical cost based on appraisals. Contributed assets are recorded at fair value at the time received. Depreciation is provided in the government-wide statements over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; significant improvements are capitalized.

Capitalization thresholds for determining which asset purchases are added to capital accounts and the estimated useful lives of capital assets are:

	Capitalization Policy	Estimated Useful Life in Years
Land improvements	\$ 1,500	20
Buildings and improvements	\$ 1,500	50
Fixtures and equipment	\$ 1,500	5 - 20

**Pensions**

The District participates in the New York State Teachers’ Retirement System (TRS) and the New York State and Local Employees’ Retirement System (ERS) (the Systems) as mandated by State law. The Systems recognize benefit payments when due and payable in accordance with benefit terms; investment assets are reported at fair value. On the government-wide statements, the District recognizes its proportionate share of net pension position, deferred outflows and deferred inflows of resources, pension expense (revenue), and information about and changes in the fiduciary net position on the same basis as reported by the respective defined benefit pension plans.

## Other Postemployment Benefits (OPEB)

On the government-wide statements, the total OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense for the District's defined benefit healthcare plan (Note 10) have been measured on the same basis as reported by the plan. Benefit payments are due and payable in accordance with benefit terms.

## Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated sick and vacation time. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive payments and those expected to become eligible to receive such payments are included. Sick pay is accrued on the basis of negotiated contracts with administrative and employee groups which provide for the payment of accumulated sick time at retirement or the option of converting this vested amount to provide for payment of health insurance until exhausted.

The government-wide financial statements reflect the entire liability, while in the governmental funds financial statements, only the amount of matured liabilities is accrued based on expendable available financial resources.

## Equity Classifications

### Government-Wide Statements

- *Net investment in capital assets* - consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any related debt obligations that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or the terms of the District's bonds.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by the District.

### Governmental Fund Statements

The District considers unrestricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, unless the use of the restricted amount was appropriated in the current year's budget. Within unrestricted fund balance, the District considers committed, assigned, then unassigned resources to have been spent when an expenditure is incurred for which amounts in any of those fund balance classifications could be used.

Restricted fund balances generally result from reserves created by the State of New York Legislature and included in General Municipal Law, State Education Law, or Real Property Tax Law as authorized for use by the Board of Education. Certain reserves may require voter approval for their establishment and/or use. Earnings on invested resources are required to be added to the various reserves.

Committed fund balances are authorized by the Board of Education as recommended by the District's management prior to the end of the fiscal year, although funding of the commitment may be established subsequent to year end. Assigned fund balances include the planned use of existing fund balance to offset the subsequent year's tax levy. Additionally, the Board of Education has given the District's management the authority to assign fund balances for specific purposes that are neither restricted nor committed. Nonspendable fund balances represent resources that cannot be spent as they are not expected to be converted to cash and include inventory and prepaid expenses.

Fund balance restrictions include scholarships donated to the District by third parties for the benefit of students and the following reserves:

- *Debt service* – is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations (including bond premiums), and remaining bond proceeds not needed for their original purpose as required by §165 of Finance Law. This reserve must be used to pay the debt service obligations for which the original money was generated.
- *Unemployment insurance* – is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants as the District has elected to use the benefit reimbursement method.
- *Capital* – is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. During 2004, 2007, 2011 and 2017, voters approved capital reserves of \$5,000,000 for a total of \$20,000,000. To date, \$17,545,000 has been funded and each reserve has a term of 20 years.
- *Employee benefit accrued liability* – is used to account for the payment of accumulated vacation and sick time due upon termination of an employee’s services. It is 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.
- *Insurance* – is used to pay liability, casualty, and other types of losses except losses incurred for which insurance may be purchased. The amount is funded through budgetary appropriations and may not exceed 5% of the budget.
- *Workers’ compensation* – is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers’ Compensation Law, and for payment of expenses of administering this program.
- *Retirement contribution* – is used to finance retirement contributions payable to TRS and ERS. For TRS, funding is limited to 2% annually of eligible salaries with a maximum reserve of 10% of eligible salaries. At June 30, 2021, the retirement contribution reserve includes \$537,251 for TRS and \$1,537,290 for ERS.
- *Tax certiorari* – is used to pay judgments and claims resulting from certiorari proceedings. Funds not used by July 1 of the fourth fiscal year following their deposit must be returned to unassigned fund balance.

## Interfund Balances

The operations of the District include transactions between funds including resources for cash flow purposes. These interfund receivables and payables are repaid within one year. Permanent transfers of funds provide financing or other services.

In the government-wide statements, the amounts reported on the statement of net position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to fiduciary funds.

Interfund receivables and payables are netted on the accompanying governmental funds balance sheet as the right of legal offset exists. It is the District’s practice to settle these amounts at the net balances due between funds.

## 2. Change in Accounting Principle

Effective July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. This statement redefines activities considered to be fiduciary, and as a result, payroll and employee third party withholdings are recorded in the general fund and scholarship activity is now reflected in a miscellaneous special revenue fund. In addition, fiduciary liabilities are only recognized when an event has occurred that compels the District to disburse the fiduciary resources or no further action, approval, or condition is required prior to release of the assets. The impact of these required accounting changes on the District’s government-wide, governmental fund, and fiduciary fund activity is as follows:

	Miscellaneous Special Revenue Fund	Total Government- Wide	Fiduciary Funds
Fund balance/net position/fiduciary net position, July 1, 2020	\$ -	\$ 35,561,904	\$ 111,208
Scholarship activity	111,208	111,208	(111,208)
Student activity accounts	-	-	76,104
Fund balance/net position/fiduciary net position, as restated, July 1, 2020	\$ 111,208	\$ 35,673,112	\$ 76,104

Fund balance and net position have not been restated in the prior year columns of the applicable financial statements as such information does not constitute a full comparative presentation of the prior year.

### 3. Stewardship and Compliance

The District’s unassigned fund balance in the general fund exceeds 4% of the 2022 budget, which is a limitation imposed by New York State Real Property Tax Law §1318.

The capital projects deficit fund balance of \$2,792 will be funded when the district applies for reimbursement for expenses related to the ongoing smart schools bond act.

### 4. Cash and Cash Equivalents

Cash management is governed by State laws and as established in the District’s written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District’s banking policies permit the Treasurer to use demand accounts and certificates of deposit. Invested resources are limited to obligations of the United States Treasury and its Agencies, repurchase agreements, and obligations of the State or its localities. Cash equivalents include U.S. Treasury Bills with maturities of six months or less.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit 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 school districts.

Custodial credit risk is the risk that in the event of a bank failure the District’s deposits may not be returned to it. At June 30, 2021, the District’s bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institutions’ agents in the District’s name.

### 5. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 247,342	\$ 43,845	\$ 86,358	\$ 23,407
Debt service	700	-	192,765	86,358
Special aid	40,650	241,354	23,407	-
Capital projects	-	3,493	-	192,765
	<u>\$ 288,692</u>	<u>\$ 288,692</u>	<u>\$ 302,530</u>	<u>\$ 302,530</u>

The general fund provides cash flow to the various other funds; these amounts are repaid when funds are received from the State after final expenditure reports have been submitted and approved or when permanent financing is obtained. The general fund made a permanent transfer to the special aid fund to cover its share of costs related to the summer school handicap program and the debt service fund made a permanent transfer to the general fund towards principal and interest payments. The transfer from the capital projects fund to the debt service fund is for unspent project funds and is also permanent.



## 6. Capital Assets

	July 1, 2020	Increases	Retirements/ Reclassifications	June 30, 2021
<b>Non-depreciable capital assets:</b>				
Land	\$ 84,250	\$ -	\$ -	\$ 84,250
Construction in progress	8,504,024	-	(8,504,024)	-
Total non-depreciable assets	8,588,274	-	(8,504,024)	84,250
<b>Depreciable capital assets:</b>				
Land improvements	1,880,068	-	(402,920)	1,477,148
Buildings and improvements	43,655,694	864,418	8,504,024	53,024,136
Fixtures and equipment	2,783,767	596,889	(19,000)	3,361,656
Total depreciable assets	48,319,529	1,461,307	8,082,104	57,862,940
<b>Less accumulated depreciation:</b>				
Land improvements	1,868,466	3,484	(402,920)	1,469,030
Buildings and improvements	21,792,980	1,743,973	-	23,536,953
Fixtures and equipment	1,876,569	166,134	(19,000)	2,023,703
Total accumulated depreciation	25,538,015	1,913,591	(421,920)	27,029,686
Total depreciable assets, net	22,781,514	(452,284)	8,504,024	30,833,254
	\$ 31,369,788	\$ (452,284)	\$ -	\$ 30,917,504

Depreciation expense has been allocated to the following functions: general support \$200,169, instruction \$1,679,069, and food service \$34,353.

As of June 30, 2021, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation	\$ 30,917,504
Bonds	(10,660,000)
	<u>\$ 20,257,504</u>

The District previously recorded an impairment loss on an idle elementary school not necessary for current enrollment. The carrying value of this property was previously reduced to an estimated fair value of \$250,000 based upon an appraisal. The District sold the building in July 2021 for \$426,000.

## 7. Short-Term Debt

The District had no bond anticipation notes (BANs) outstanding at June 30, 2021. During 2021, \$425,000 of existing BANs were redeemed from appropriations and the balance of \$6,805,000 was repaid with bond proceeds (Note 8).

## 8. Long-Term Liabilities

	July 1, 2020	Increases	Decreases	June 30, 2021	Amount Due in One Year
Bonds	\$ 4,280,000	\$ 6,805,000	\$ 425,000	\$ 10,660,000	\$ 870,000
Compensated absences	634,000	-	56,000	578,000	121,000
	\$ 4,914,000	\$ 6,805,000	\$ 481,000	\$ 11,238,000	\$ 991,000

## Existing Obligations

Description	Maturity	Rate	Balance
2013 Bonds	June 2028	1.0%-2.3%	\$ 1,525,000
2016 Bonds	June 2031	2.0%-2.5%	2,330,000
2021 Bonds	June 2035	1.0%-2.0%	6,805,000
			<u>\$ 10,660,000</u>

## Debt Service Requirements

Years ending June 30,	Principal	Interest
2022	\$ 870,000	\$ 180,629
2023	905,000	155,457
2024	920,000	141,831
2025	935,000	127,956
2026	955,000	113,705
2027-2031	3,980,000	366,210
2032-2035	2,095,000	84,012
	<u>\$ 10,660,000</u>	<u>\$ 1,169,800</u>

## 9. Pension Plans

### Plan Descriptions

The District participates in the following cost-sharing, multiple employer, public employee retirement systems:

- TRS is administered by the New York State Teachers' Retirement Board and provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from the New York State Teachers' Retirement System at [www.nystrs.org](http://www.nystrs.org).
- ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from the New York State and Local Retirement System at [www.osc.state.ny.us/retire](http://www.osc.state.ny.us/retire).

*Benefits:* The Systems provide retirement, disability, and death benefits for eligible members, including automatic cost of living adjustments. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors.

*Contribution Requirements:* No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers' Retirement Board. This rate was 9.53% for 2021. For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the District to the pension accumulation fund. For 2021, these rates ranged from 9.7% - 21.6%.

The amount outstanding and payable to TRS for the year ended June 30, 2021 was \$892,877. A liability to ERS of \$91,120 is accrued based on the District's legally required contribution for employee services rendered from April 1 through June 30, 2021.

## Net Pension Position, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources

At June 30, 2021, the District reported a liability of \$1,509,420 for its proportionate share of the TRS net pension position and a liability of \$6,274 for its proportionate share of the ERS net pension position.

The TRS net pension position was measured as of June 30, 2020, and the total pension liability was determined by an actuarial valuation as of June 30, 2019, with update procedures applied to roll forward the net pension position to June 30, 2020. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to TRS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At June 30, 2020, the District's proportion was 0.054624%, an increase of 0.000434 from its proportion measured as of June 30, 2019.

The ERS net pension position was measured as of March 31, 2021, and the total pension liability was determined by an actuarial valuation as of April 1, 2020. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At the March 31, 2021 measurement date, the District's proportion was 0.0063006%, an increase of 0.0004851 from its proportion measured as of March 31, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$2,285,624 on the government-wide statements (TRS expense of \$2,064,602 and ERS expense of \$221,022). At June 30, 2021, the District reported deferred outflows and deferred inflows of resources as follows:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,322,554	\$ 77,355	\$ 76,619	\$ -
Changes of assumptions	1,909,065	680,482	1,153,539	21,756
Net difference between projected and actual earnings on pension plan investments	985,784	-	-	1,802,189
Changes in proportion and differences between contributions and proportionate share of contributions	119,164	23,791	204,681	26,995
District contributions subsequent to the measurement date	892,877	-	91,120	-
	<u>\$ 5,229,444</u>	<u>\$ 781,628</u>	<u>\$ 1,525,959</u>	<u>\$ 1,850,940</u>

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

Years ending June 30,	TRS	ERS
2022	\$ 620,867	\$ (41,979)
2023	1,219,842	10,678
2024	999,752	(62,842)
2025	614,206	(321,958)
2026	33,199	-
Thereafter	67,073	-
	<u>\$ 3,554,939</u>	<u>\$ (416,101)</u>

## Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2019 valuation, with update procedures used to roll forward the total pension liability to June 30, 2020, were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014. These assumptions are:

*Inflation* – 2.2%

*Salary increases* – Based on TRS member experience, dependent on service, ranging from 1.90%-4.72%

*Projected Cost of Living Adjustments (COLA)* – 1.3% compounded annually

*Investment rate of return* – 7.1% compounded annually, net of investment expense, including inflation

*Mortality* – Based on TRS member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2019, applied on a generational basis

*Discount rate* – 7.1%

The long term expected rate of return on TRS pension plan investments was determined in accordance with Actuarial Standard of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. 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.

For ERS, the actuarial assumptions used in the April 1, 2020 valuation, with update procedures used to roll forward the total pension liability to March 31, 2021, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020. These assumptions are:

*Inflation* – 2.7%

*Salary increases* – 4.4%

*COLA* – 1.4% annually

*Investment rate of return* – 5.9% compounded annually, net of investment expense, including inflation

*Mortality* – Society of Actuaries' Scale MP-2020

*Discount rate* – 5.9%

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

## Investment Asset Allocation

Best estimates of arithmetic real rates of return (net of the long term inflation assumption) for each major asset class and the Systems' target asset allocations as of the applicable valuation dates are summarized as follows:

Asset Class	TRS		ERS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	33%	7.1%	32%	4.1%
Global and international equities	20%	7.4%-7.7%	15%	6.3%
Private equities	8%	10.4%	10%	6.8%
Real estate	11%	6.8%	9%	5.0%
Domestic fixed income securities	16%	1.8%	23%	-
Global fixed income securities	2%	1.0%	-	-
Bonds and mortgages	7%	3.6%	-	-
Short-term	1%	0.7%	1%	0.5%
Other	2%	3.9%-5.2%	10%	3.6%-6.0%
	<u>100%</u>		<u>100%</u>	

**Discount Rate**

The discount rate projection of cash flows assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those 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.

The following presents the District’s proportionate share of its net pension position calculated using the discount rate of 7.1% (TRS) and 5.9% (ERS) and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease	At Current Discount Rate	1.0% Increase
District’s proportionate share of the TRS net pension asset (liability)	\$ (9,534,486)	\$ (1,509,420)	\$ 5,225,644
District’s proportionate share of the ERS net pension asset (liability)	\$ (1,741,353)	\$ (6,274)	\$ 1,593,875

**10. OPEB**

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for continuation of medical and dental insurance for certain current and former administrators. The District pays 100% of medical insurance for life for certain administrators upon retirement from the District for those who meet the required years of service. Benefit provisions are based on individual contracts with the District, as negotiated from time to time. The Plan is also open to all eligible employees and provides continued insurance through the conversion of sick time or by payment of monthly premiums by retirees through participation in the District’s policies. The District thereby provides an implicit rate subsidy on behalf of all eligible employees. Plan options include single and two-person coverage. The Plan has no assets, does not issue financial statements, and is not a trust.

At July 1, 2020, employees covered by the Plan include:

Active employees	171
Inactive employees or beneficiaries currently receiving benefits	32
Inactive employees entitled to but not yet receiving benefits	-
	<u>203</u>

**Total OPEB Liability**

The District’s total OPEB liability of \$4,202,829 was measured as of June 30, 2020 and was determined by an actuarial valuation as of the same date.

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

*Healthcare cost trend rates* – based on the National Health Expenditure Projections 2009-2025 for short-term rates and the Society of Actuaries Getzen Long-Term Healthcare Cost Trend Resource Model v2020\_b for long-term rates, initially 6.50% for pre-65, 4.40% for post-65, and 6.75% for prescription drug coverage, with an ultimate rate of 3.78% after 2075

*Salary increases* – 2.5%

*Mortality* – sex-distinct headcount-weighted Pub-2010 Public Retirement Plans Mortality Tables adjusted for mortality improvements with Scale MP-2019 on a fully generational basis

*Discount rate* – 2.45% based on the Fidelity Municipal General Obligation AA 20-Year Bond rate as of the measurement date

*Inflation rate* – 2.25%

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance at June 30, 2020	<u>\$ 6,870,272</u>
Changes for the year:	
Service cost	229,112
Interest	216,580
Changes of benefit terms	39,714
Differences between expected and actual experience	(2,878,277)
Changes of assumptions or other inputs	85,195
Benefit payments	<u>(359,767)</u>
Net changes	<u>(2,667,443)</u>
Balance at June 30, 2021	<u>\$ 4,202,829</u>

The following presents the sensitivity of the District’s total OPEB liability to changes in the discount rate, including what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1% higher or lower than the current discount rate:

	1.0% Decrease (1.45%)	Discount Rate (2.45%)	1.0% Increase (3.45%)
Total OPEB liability	<u>\$ (4,458,608)</u>	<u>\$ (4,202,829)</u>	<u>\$ (3,951,944)</u>

The following presents the sensitivity of the District’s total OPEB liability to changes in the healthcare cost trend rates, including what the District’s total OPEB liability would be if it were calculated using trend rates that are 1% higher or lower than the current healthcare cost trend rates:

	1.0% Decrease (5.50% to 2.78%)	Healthcare Cost Trend Rate (6.50% to 3.78%)	1.0% Increase (7.50% to 4.78%)
Total OPEB liability	<u>\$ (3,815,315)</u>	<u>\$ (4,202,829)</u>	<u>\$ (4,648,927)</u>

**OPEB Expense and Deferred Outflows and Deferred Inflows of Resources**

For the year ended June 30, 2021, the District recognized OPEB expense of \$225,083. At June 30, 2021, the District reported deferred outflows 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	\$ 186,827	\$ 2,543,204
Changes of assumptions	728,321	297,925
Benefit payments subsequent to the measurement date	307,400	-
	<u>\$ 1,222,548</u>	<u>\$ 2,841,129</u>

Benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30,	
2022	\$ (260,323)
2023	(260,323)
2024	(260,323)
2025	(248,424)
2026	(208,210)
Thereafter	<u>(688,378)</u>
	<u>\$ (1,925,981)</u>

## **11. Risk Management**

### **General Liability**

The District purchases commercial insurance for various risks of loss due to torts, theft, damage, errors and omissions, and natural disasters. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

### **Health Insurance**

The District participates in the Orleans/Niagara School Health Plan (the Plan). The Plan has been established to administer a health insurance program to lower the costs of such coverage to the nine participating members as of June 30, 2020 (the most recent information available). The District has transferred partial risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Plan members could be subjected, however, to pro-rata supplemental assessments in the event that the Plan's assets are not adequate to meet claims. No such supplemental assessments have been required in the past three years.

The Plan has published its own financial report for the year ended June 30, 2020, which can be obtained from Orleans/Niagara BOCES, 4232 Shelby Basin Road, Medina, NY 14103.

### **Workers' Compensation**

The District participates in the Niagara County Mutual Self-Insurance Plan (the Plan) pursuant to Article 5 of the Workers' Compensation law to finance the liability and risk related to workers' compensation claims and to lower the costs of coverage to the participating members. The Plan includes 20 governmental entities as of December 31, 2020 (the most recent information available). The pool is funded through annual assessments for each participating entity based on payroll. The District has transferred partial risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Plan members could be subjected, however, to pro-rata supplemental assessments in the event that the Plan's assets are not adequate to meet claims. No such supplemental assessments have been required in the past three years.

The Plan has established its own financial report for the year ended December 31, 2020, which can be obtained from Niagara County Risk Management and Insurance Services, 111 Main Street, Suite 102, Lockport, NY 14094.

## **12. Commitments and Contingencies**

### **Grants**

The District receives financial assistance from federal and state agencies in the form of grants and calculated aid as determined by the State. The expenditure of grant funds generally requires compliance with the terms and conditions specified in the agreements and is subject to audit by the grantor agencies. State aid payments are based upon estimated expenditures and pupil statistics, are complex, and subject to adjustment. Any disallowed claims resulting from such audits could become a liability of the District. Based on prior experience, management expects such amounts to be immaterial.

### **Litigation**

The District is subject to claims and lawsuits that arise in the ordinary course of business. In the opinion of management, these claims and lawsuits will not have a material adverse effect upon the financial position of the District.

### **13. Risks and Uncertainties**

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease continued into 2021, and the District was required to implement numerous safety measures and remote learning initiatives. The full extent of the impact of COVID-19 on the District's operational and financial performance will depend on further developments, including the duration and spread of the outbreak and its impact on school districts and their residents, employees, and vendors, none of which can be predicted.



WILSON CENTRAL SCHOOL DISTRICT

**Required Supplementary Information  
Schedule of the District's Proportionate Share of the Net Pension Position  
New York State Teachers' Retirement System**

As of the measurement date of June 30,	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension position	0.054624%	0.054190%	0.055211%	0.055265%	0.055988%	0.056821%	0.058738%	0.057518%
District's proportionate share of the net pension asset (liability)	\$ (1,509,420)	\$ 1,407,862	\$ 998,365	\$ 420,069	\$ (599,655)	\$ 5,901,859	\$ 6,542,993	\$ 378,615
District's covered payroll	\$ 9,271,490	\$ 9,045,207	\$ 8,992,153	\$ 8,757,696	\$ 8,639,518	\$ 8,717,499	\$ 8,630,595	\$ 8,699,939
District's proportionate share of the net pension position as a percentage of its covered payroll	16.28%	15.56%	11.10%	4.80%	6.94%	67.70%	75.81%	4.35%
Plan fiduciary net position as a percentage of the total pension liability	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%
The following is a summary of changes of assumptions:								
Inflation	2.20%	2.2%	2.25%	2.5%	2.5%	3.0%	3.0%	3.0%
Salary increases	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	4.0%-10.9%	4.0%-10.9%	4.0%-10.9%
Cost of living adjustments	1.3%	1.3%	1.5%	1.5%	1.5%	1.625%	1.625%	1.625%
Investment rate of return	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Discount rate	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Society of Actuaries' mortality scale	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA	AA

Data prior to 2013 is unavailable.

WILSON CENTRAL SCHOOL DISTRICT

**Required Supplementary Information  
Schedule of District Contributions  
New York State Teachers' Retirement System**

For the years ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 892,877	\$ 821,454	\$ 960,601	\$ 881,231	\$ 1,026,402	\$ 1,145,600	\$ 1,496,227	\$ 1,409,922	\$ 997,510
Contribution in relation to the contractually required contribution	(892,877)	(821,454)	(960,601)	(881,231)	(1,026,402)	(1,145,600)	(1,496,227)	(1,409,922)	(997,510)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 9,369,119	\$ 9,271,490	\$ 9,045,207	\$ 8,992,153	\$ 8,757,696	\$ 8,639,518	\$ 8,717,499	\$ 8,630,595	\$ 8,699,939
Contributions as a percentage of covered payroll	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.16%	16.34%	11.47%

*Data prior to 2013 is unavailable.*

WILSON CENTRAL SCHOOL DISTRICT

**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of the Net Pension Position**  
**New York State and Local Employees' Retirement System**

As of the measurement date of March 31,	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.0063006%	0.0058155%	0.0063319%	0.0066883%	0.0064228%	0.0068021%	0.0071470%
District's proportionate share of the net pension liability	\$ (6,274)	\$ (1,539,976)	\$ (448,636)	\$ (215,862)	\$ (603,503)	\$ (1,091,763)	\$ (241,443)
District's covered payroll	\$ 2,228,261	\$ 2,115,986	\$ 2,186,359	\$ 2,107,779	\$ 2,005,765	\$ 2,008,777	\$ 1,946,635
District's proportionate share of the net pension position as a percentage of its covered payroll	0.28%	72.78%	20.52%	10.24%	30.09%	54.35%	12.40%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

The following is a summary of changes of assumptions:

Inflation	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Society of Actuaries' mortality scale	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

Data prior to 2015 is unavailable.

WILSON CENTRAL SCHOOL DISTRICT

**Required Supplementary Information  
Schedule of District Contributions  
New York State and Local Employees' Retirement System**

for the years ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 330,514	\$ 311,836	\$ 334,206	\$ 328,403	\$ 317,390	\$ 386,217	\$ 372,490	\$ 402,166	\$ 421,954
Contribution in relation to the contractually required contribution	(330,514)	(311,836)	(334,206)	(328,403)	(317,390)	(386,217)	(372,490)	(402,166)	(421,954)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,228,261	\$ 2,115,986	\$ 2,186,359	\$ 2,107,779	\$ 2,005,765	\$ 2,008,777	\$ 1,946,635	\$ 2,024,539	\$ 2,191,149
Contributions as a percentage of covered payroll	14.83%	14.74%	15.29%	15.58%	15.82%	19.23%	19.14%	19.86%	19.26%

*Data prior to 2013 is unavailable.*

**Required Supplementary Information  
Schedule of Changes in the District's  
Total OPEB Liability and Related Ratios**

for the years ended June 30,	2021	2020	2019	2018
Total OPEB liability - beginning	\$ 6,870,272	\$ 5,971,087	\$ 5,743,122	\$ 6,137,923
Changes for the year:				
Service cost	229,112	172,246	173,563	194,388
Interest	216,580	216,198	204,955	180,115
Changes of benefit terms	39,714	-	-	-
Differences between expected and actual experience	(2,878,277)	-	303,836	-
Changes of assumptions or other inputs	85,195	852,752	(135,356)	(441,293)
Benefit payments	(359,767)	(342,011)	(319,033)	(328,011)
Net change in total OPEB liability	(2,667,443)	899,185	227,965	(394,801)
Total OPEB liability - ending	\$ 4,202,829	\$ 6,870,272	\$ 5,971,087	\$ 5,743,122
Covered-employee payroll	\$ 11,683,025	\$ 12,225,096	\$ 12,303,616	\$ 11,407,638
Total OPEB liability as a percentage of covered-employee payroll	36.0%	56.2%	48.5%	50.3%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Differences between expected and actual experience in 2021 include the impact of Congress' repeal of the Affordable Care Act's excise "Cadillac" taxes in 2020, actuarial standard changes to Medicare cost estimates, and other changes in healthcare costs. Such differences in 2019 are due to greater than expected claims costs.

The following is a summary of changes of assumptions:

Healthcare cost trend rates	6.50%-3.78%	6.75%-3.78%	7.00%-3.89%	7.50%-3.89%
Inflation	2.25%	2.25%	2.25%	2.25%
Salary increases	2.50%	2.50%	2.50%	2.50%
Discount rate	2.45%	3.13%	3.62%	3.56%
Society of Actuaries' mortality scale	MP-2019	MP-2018	MP-2017	MP-2017

Data prior to 2018 is unavailable.

**Supplementary Information**  
**Schedule of Change from Original to Final Budget and**  
**Calculation of Unrestricted Fund Balance Limit - General Fund**

For the year ended June 30, 2021

---

Original expenditure budget	\$ 28,036,893
Encumbrances carried over from prior year	<u>152,296</u>
Revised expenditure budget	<u>\$ 28,189,189</u>

\* \* \*

Unrestricted Fund Balance

Assigned	\$ 585,700
Unassigned	<u>2,803,490</u>
	3,389,190

Encumbrances included in assigned fund balance	(85,700)
Appropriated fund balance used for tax levy	<u>(500,000)</u>

Amount subject to 4% limit pursuant to Real Property Tax Law §1318	<u>\$ 2,803,490</u>
--	---------------------

§1318 of Real Property Tax Law - unrestricted fund balance limit calculation

2022 expenditure budget (unaudited)	\$ 28,323,085
4% of budget	<u>1,132,923</u>

Actual percentage of 2022 expenditure budget	<u>9.9%</u>
--	-------------

---

**Supplementary Information**  
**Schedule of Capital Project Expenditures**

June 30, 2021

---

Project Title	Original Budget	Revised Budget	Expenditures			Unexpended Balance
			Prior Years	Current Year	Total	
Smart Schools Bond Act	\$ 1,158,784	\$ 1,158,784	\$ 355,310	\$ 581,361	\$ 936,671	\$ 222,113
Capital Project 2017-2020	9,850,000	9,187,840	8,427,568	760,272	9,187,840	-
High Schools Secure Vestibule	156,400	134,327	14,537	119,790	134,327	-
	<u>\$ 11,165,184</u>	<u>\$ 10,480,951</u>	<u>\$ 8,797,415</u>	<u>\$ 1,461,423</u>	<u>\$ 10,258,838</u>	<u>\$ 222,113</u>

WILSON CENTRAL SCHOOL DISTRICT

**Supplementary Information**  
**Schedule of Expenditures of Federal Awards**

For the year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grantor Number	Expenditures
<u>U.S. Department of Education:</u>			
Passed Through New York State Education Department:			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-21-0615	\$ 302,779
Special Education Preschool Grants	84.173	0033-21-0615	9,918
Total Special Education Cluster			312,697
Title I Grants to Local Educational Agencies	84.010	0021-21-1990	173,273
Title I Grants to Local Educational Agencies	84.010	0011-21-3168	22,634
Supporting Effective Instruction State Grants	84.367	0147-21-1990	41,506
Student Support and Academic Enrichment Program	84.424	0204-21-1990	14,161
Education Stabilization Fund - Governor's Emergency			
Education Relief Fund	84.425C	5895-21-1990	25,343 <sup>1</sup>
Education Stabilization Fund - Elementary and Secondary			
School Emergency Relief Fund	84.425D	5890-21-1990	149,533 <sup>1</sup>
Total U.S. Department of Education			739,147
<u>U.S. Department of Homeland Security:</u>			
Passed Through New York State Division of Homeland Security and			
Emergency Services:			
Disaster Grants - Public Assistance	97.036	4480-DR-NY	15,152
<u>U.S. Department of Agriculture:</u>			
Passed Through New York State Education Department:			
Child Nutrition Cluster:			
COVID-19 - Summer Food Service Program for Children	10.559	N/A	372,985
Passed Through New York State Office of General Services:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	23,638
Total Child Nutrition Cluster and U.S. Department of Agriculture			396,623
Total Expenditures of Federal Awards			\$ 1,150,922

<sup>1</sup> Total Education Stabilization Fund - \$174,876



**Notes to Schedule of Expenditures of Federal Awards**

---

**1. Summary of Significant Accounting Policies**

**Basis of Presentation**

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

**Basis of Accounting**

The District uses the modified accrual basis of accounting for each federal program, consistent with the fund basis financial statements.

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

**Indirect Costs**

The District does not use the 10% de minimis indirect cost rate permitted by the Uniform Guidance.

**Non-Monetary Federal Program**

The 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 District used \$23,638 worth of commodities under the National School Lunch Program (CFDA Number 10.555).

**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***

The Board of Education  
Wilson Central School District

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 remaining fund information of Wilson Central School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 12, 2021.

**Internal Control over Financial Reporting**

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

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 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Lunden & McCormick, LLP". The signature is written in a cursive, flowing style.

October 12, 2021

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

The Board of Education  
Wilson Central School District

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

We have audited Wilson Central School District's (the 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 District's major federal programs for the year ended June 30, 2021. The 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 District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 District's compliance.

**Opinion on Each Major Federal Program**

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

## Report on Internal Control Over Compliance

Management of the 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 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Lyndon & McCormick, LLP". The signature is written in a cursive, flowing style.

October 12, 2021

**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? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? 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 section 2 CFR 200.516(a)? No

Identification of major programs:

Name of Federal Program or Cluster	CFDA #	Amount
Special Education Cluster:		
Special Education Grants to States	84.027	\$ 302,779
Special Education Preschool Grants	84.173	9,918
		\$ 312,697

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

Auditee qualified as low-risk auditee? Yes

**Section II. Financial Statement Findings**

No matters were reported.

**Section III. Federal Award Findings and Questioned Costs**

No matters were reported.