

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
FINANCIAL REPORT  
JUNE 30, 2020**

# SCHOHARIE CENTRAL SCHOOL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

To the President and Members  
of the Board of Education of the  
Schoharie Central School District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Schoharie Central School District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

## ***Auditor's Responsibility***

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 and each major fund of the Schoharie Central School District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A1 - A8, budgetary comparison information on pages C1 and C2, schedule of changes in total OPEB liability on page C3, schedules of proportionate share of net pension liability (asset) on page C4 and schedules of District contributions on page C5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Supplemental Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Schoharie Central School District's basic financial statements. The supplemental information on pages D1 - D3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

These supplemental schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2020, 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 and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

*Marvin and Company, P.C.*

Latham, NY

October 20, 2020

# SCHOHARIE CENTRAL SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDING JUNE 30, 2020

The following discussion and analysis of the Schoharie Central School District's (District) financial performance provides an overall review of the District's financial activities for the fiscal year ending June 30, 2020. This discussion and analysis is intended to serve as an introduction to the District's basic financial statements; we encourage readers to consider the information presented here, in conjunction with information provided in the financial statements.

## **Financial Highlights**

- Governmental funds total assets of the District were \$17,467,272.
- Total net position decreased by \$8,266,734 over the course of the year.

## **Overview of the Financial Statements**

The District's annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements.
  - The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
  - *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

## **District-wide Statements**

The *District-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 assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the assets of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. retirement system liabilities and earned but unused vacation leave).

The District-wide financial statements can be found on pages B1 and B2 of this report.

### **Fund Financial Statements**

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

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



## District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows exceeded assets and deferred outflows by \$51,995,879 at the close of the most recent fiscal year.

### Net position

<u>Governmental Activities</u>	<u>6/30/20</u>	<u>6/30/19</u>
Current and other assets	\$ 15,408,875	\$ 9,607,255
Capital assets	<u>30,577,216</u>	<u>16,749,943</u>
<b>Total assets</b>	<b>\$ <u>45,986,091</u></b>	<b>\$ <u>26,357,198</u></b>
Deferred Outflows of Resources	<u>\$ 33,492,730</u>	<u>\$ 19,198,981</u>
Total Assets and Deferred Outflows	<u>\$ 79,478,821</u>	<u>\$ 45,556,179</u>
Long-term liabilities	\$ 105,810,612	\$ 82,248,622
Other liabilities	<u>22,503,177</u>	<u>3,792,881</u>
<b>Total liabilities</b>	<b>\$ <u>128,313,789</u></b>	<b>\$ <u>86,041,503</u></b>
Deferred Inflows of Resources	<u>\$ 3,160,911</u>	<u>\$ 3,243,821</u>
Net position		
Invested in capital assets, net of related debt	\$ 13,616,969	\$ 9,860,595
Restricted	4,003,977	3,462,543
Unrestricted	<u>(69,616,825)</u>	<u>(57,052,283)</u>
<b>Total Net Position (Deficit)</b>	<b>\$ <u>(51,995,879)</u></b>	<b>\$ <u>(43,729,145)</u></b>

The District has earmarked funds from restricted funds for the following purposes:

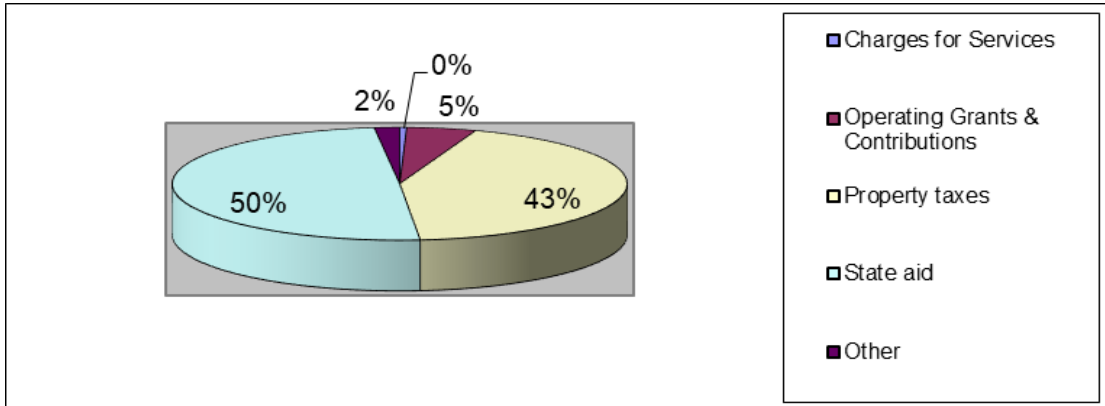
- *Reserve for Employee Benefit Accrued Liability of \$820,881.* The District will use these funds to pay accrued employee benefits due upon termination of the employee's service.
- *Reserve for Retirement Contributions of \$856,091.* The District will use these funds to finance retirement contributions.
- *Unemployment Insurance Reserve of \$100,000.* The District will use these funds to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method.
- *Insurance Reserve of \$298,000.* The District will use these funds to fund certain uninsured losses, claims, actions, or judgments for which the local government is authorized or required to purchase or maintain insurance, with a number of exceptions.

- *Workers' Compensation Reserve of \$300,000.* The District will use these funds to pay for compensation benefits and other expenses as authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses for administering this self-insurance program.
- *Capital Reserve - Bus Purchase of \$642,445.* The District will use these funds to pay for future bus purchases.
- *Repair Reserve of \$200,000.* The District will use these funds to pay for future repairs to District property and equipment.
- *Reserve for Property Loss of \$325,000.* The District will use these funds to pay for replacement of damaged property.
- *Reserve for Liability Claims of \$325,000.* The District will use these funds to pay for future liability claims.
- *Debt Service Reserve of \$136,560.* The District will use these funds to pay for debt service.

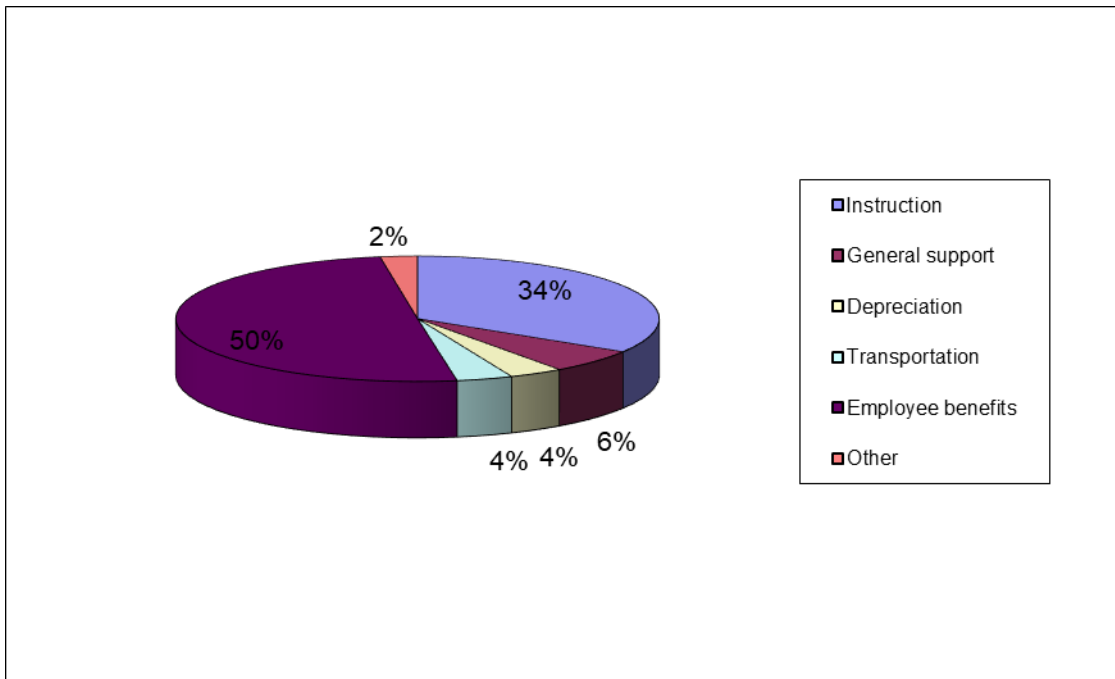
**Statement of Activities**

<b>Revenues</b>	<b><u>6/30/20</u></b>	<b><u>6/30/19</u></b>
Program revenues		
Charges for services	\$ 120,537	\$ 329,638
Operating Grants	1,206,592	1,306,436
General revenues		
Property taxes	10,551,175	10,304,871
State aid	12,144,398	11,229,671
Other	<u>436,729</u>	<u>676,722</u>
<b>Total Revenues</b>	<b>\$ <u>24,459,431</u></b>	<b>\$ <u>23,847,338</u></b>
 <b>Expenses</b>		
Instruction	\$ 11,086,579	\$ 11,250,523
General Support	2,019,936	2,279,371
Depreciation-Unallocated	1,178,071	1,126,774
Transportation	1,223,468	1,267,706
Employee benefits	16,405,591	10,105,316
Other	<u>812,520</u>	<u>702,521</u>
<b>Total Expenses</b>	<b>\$ <u>32,726,165</u></b>	<b>\$ <u>26,732,211</u></b>
 <b>Increase (Decrease) in net position</b>	 <b>\$ (8,266,734)</b>	 <b>\$ (2,884,823)</b>

**Sources of Revenues for Fiscal Year 2020**



**Expenses for Fiscal Year 2020**



## Financial Analysis of The District's Funds

As explained earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The General fund is the chief operating fund of the District. At the end of the fiscal year, cash and investments totaled \$5,512,141. \$3,867,417 of this amount is held to fund reserves established by the District with the balance available to pay current liabilities.

### General Fund Budgetary Highlights

During the year final revenues were under revised budgetary estimates by \$43,253 primarily due to state aid. Expenditures and encumbrances were under revised budgetary estimates by \$2,373,502 the majority of which was due to employee benefits and instruction.

The District has pursued a careful conservative program of maintaining as close as possible to a 4% unrestricted General Fund balance as allowed by law. The District remained within budget and did not exceed the 4% limitation. Budgets have been adjusted as and when authorized by law.

### Capital Asset and Debt Administration

#### Capital Assets

By the end of 2020, the District had invested \$30,577,216, net of accumulated depreciation, in a broad range of capital assets, including school buildings. Total depreciation expense for the year was \$1,178,071, while building improvements, construction in process and additions to equipment and furniture amounted to \$14,959,795 net of deletions/disposals.

The following summarizes capital assets, net of accumulated depreciation, at June 30, 2020 and 2019:

	<u>6/30/20</u>	<u>6/30/19</u>
Land	\$ 7,889	\$ 7,889
Construction in progress	17,354,204	2,804,691
Buildings and improvements	10,858,953	11,508,349
Furniture and equipment	<u>2,356,170</u>	<u>2,429,014</u>
Total Capital Assets, Net of Depreciation	\$ <u>30,577,216</u>	\$ <u>16,749,943</u>

#### Long-Term Debt

At June 30, 2020, the District had \$105,810,612 in general obligation bonds and other long-term liabilities, an increase of 28.7% from last year. (More detailed information about the District's long-term liabilities is presented in Note 4B, II to the financial statements.)

The following summarizes long-term liabilities at June 30, 2020 and 2019:

	<u>6/30/20</u>	<u>6/30/19</u>
General Obligation Debt	\$ 4,039,906	\$ 5,597,778
Other	<u>101,770,706</u>	<u>76,628,596</u>
Total Long-Term Liabilities	\$ <u>105,810,612</u>	\$ <u>82,226,374</u>

**FACTORS BEARING ON THE DISTRICT’S FUTURE FISCAL HEALTH**

At the time these financial statements were prepared and audited, the Schoharie Central School District was aware of the following factors that could possibly affect its financial position over the course of the next few years.

- The total fund balance of the General Fund at June 30, 2020 was \$7.2 million. The fund balance amount consists of \$3.9 million reserved balance; \$1.6 million against the tax levy; and a net unassigned balance of \$.9 million available for future use against the 2021-22 tax levy. This fund balance amount indicates that the financial foundation of the school district is solid, which shows the District to be in good stead for future school fiscal years. The five-year financial plan places the fiscal picture of the school district in stable condition, assuming that the state aid keeps pace with the cost of living or within the tax cap, and the major cost centers remain consistent within current trends.
- For the 2020-21 school year, the District’s budget-to-budget change is a modest 0.93 percent higher than the previous school year. The Board of Education has been careful with the allocation of scarce resources, especially due to the fiscal pressures reflected in a troubled economy in this era of a viral pandemic. The budget was developed in compliance with the tax levy limitation requirement.
- The 2020-21 “needs” budget was reduced by almost 9% as a brace against a threatened loss of aid from New York State. The State is anticipating a reduction of federal aid and also steep revenue losses from a decrease in income tax collections due to the economic downturn and unemployment caused by the COVID-19 pandemic. The State has as many as three more “look-back” periods during its 2020-21 fiscal year.
- Schoharie Central School District, along with other municipalities in the county, was petitioned by large utility companies that challenged its property assessments. The District joined forces with the other municipalities to ward off the challenges by engaging the services of a special attorney and a property appraiser. The local municipalities subsequently reached a settlement with the gas transmission systems and approved PILOT (payment in-lieu of taxes) agreements. The advantage to this was to ensure the revenue flow amongst the mix of tax levy collections and PILOT payments.
- The personal income wealth level of District residents is appreciably lower than the statewide average. An average wealth school district in New York State has a Combined Wealth Ratio (CWR) indicator of 1.0. Schoharie Central School District has a CWR indicator of .629 according to the latest data from the State Aid Office of the New York State Education Dept., meaning the property and income wealth for district residents is about one-third less than the statewide average. The significance of this income wealth measurement speaks to the ability of the residents of the school district to support themselves and their families, in addition to paying income and property taxes to support the government and public institutions.

- Although not directly part of the District's annual operating budget, the school Food Service Dept., which is accounted for in a separate fund, has a cumulative deficit of approximately \$388,325. The District would have to raise property taxes by about 1% each year over the course of five years in order to erase that deficit. To do so would cause the District to exceed the Tax Levy Limitation. The District is exploring options through which to stop the deficit growth. Of special note is that the district has contracted with the Capital Region BOCES for the management of the Food Service program.

Even though the above factors have the potential to impact the District's financial status within the next few years, District officials and the Board have been extremely diligent by saving money through such programs as: joining a health insurance coalition to stabilize rates; self-funding employee and retiree medical prescriptions; alternative-funding the cost of workers' compensation premiums; and educating as many students in their own building at Schoharie Central School District instead of busing them to special schools outside of the District, thus saving on tuition payments and additional transportation costs.

The District has an experienced business management team of professionals who provide responsible fiscal stewardship. The finances are such that the District presently has the financial resources to meet its long-term debt obligations for the next few years, and as well provide a sound basic education to its students. This solid fiscal and management capacity has been recognized by the bond rating agencies. The current rating on a short-term B.A.N is: Standard and Poor's "SP-1 +".

### ***CONTACTING THE SCHOOL DISTRICT***

This report is designed to provide members of the school district community, citizens, taxpayers, investors and creditors with a general overview of the Schoharie Central School District's finances, and to demonstrate the District's ability to properly account for the public money it receives and spends.

If you have questions about this report or if you need additional information, please contact:

Business Office  
Schoharie Central School District  
P.O. Box 430  
136 Academy Drive  
Schoharie, New York 12157  
Phone: 518-295-6673  
Fax: 518-295-9510  
Schoharieschools.org

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2020**

**ASSETS**

Current Assets:	
Cash - Unrestricted	\$ 1,644,724
Cash - Restricted	9,422,799
Investments in Securities - Unrestricted	-
Investments in Securities - Restricted	1,505,738
Accounts Receivable	4,906
Due From Fiduciary Funds	8,755
State and Federal Aid Receivable	1,077,226
Due From Other Governments	556,492
Inventories	31,316
Capital Assets, net	30,577,216
Net Pension Asset, Proportionate Share	1,156,919
Total Assets	45,986,091
Deferred Outflows of Resources:	
Loss on Refunding	11,015
Pensions	5,206,812
Other Post Employment Benefits	28,274,903
Total Deferred Outflows of Resources	33,492,730
Total Assets and Deferred Outflows of Resources	\$ 79,478,821

**LIABILITIES**

Current Liabilities:	
Accounts and Retainages Payable	\$ 1,545,513
Accrued Liabilities	83,197
Due to Other Governments	6,412
Accrued Interest Payable	62,600
Due to Teachers' Retirement System	715,889
Due to Employees' Retirement System	89,980
Refundable Advances	7,110
Bond Anticipation Notes	19,992,476
Long-Term Liabilities - Due and Payable Within One Year:	
Bonds	555,000
Installment Purchase Debt	241,498
Long-Term Liabilities - Due and Payable After One Year:	
Bonds	2,985,000
Unamortized Bond Premium	11,395
Installment Purchase Debt	247,013
Compensated Absences	845,881
Other Post Employment Benefits Payable	98,782,593
Net Pension Liability, Proportionate Share	2,142,232
Total Liabilities	128,313,789
Deferred Inflows of Resources:	
Pensions	1,609,548
Other Post Employment Benefits	1,551,363
Total Deferred Inflows of Resources	3,160,911

**NET POSITION**

Net Investment in Capital Assets	13,616,969
Restricted	4,003,977
Unrestricted	(69,616,825)
Total Net Position	(51,995,879)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 79,478,821

See accompanying notes to financial statements.

B1.

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020**

		<u>Program Revenues</u>		<b>Net (Expense)</b>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<b>Revenue and</b>
		<u>Services</u>	<u>Grants</u>	<b>Changes in</b>
				<b><u>Net Position</u></b>
<b>FUNCTIONS/PROGRAMS</b>				
General support	\$ 2,019,936	\$ -	\$ -	\$ (2,019,936)
Instruction	11,086,579	42,663	975,114	(10,068,802)
Pupil transportation	1,223,468	-	-	(1,223,468)
Community service	3,260	-	-	(3,260)
Employee benefits	16,405,591	-	-	(16,405,591)
Debt service - interest	371,247	-	-	(371,247)
Depreciation - unallocated	1,178,071	-	-	(1,178,071)
School lunch program	<u>438,013</u>	<u>77,874</u>	<u>231,478</u>	<u>(128,661)</u>
Total Functions and Programs	<u>\$ 32,726,165</u>	<u>\$ 120,537</u>	<u>\$ 1,206,592</u>	<u>(31,399,036)</u>
<b>GENERAL REVENUES</b>				
Real property taxes				10,551,175
Use of money and property				119,084
Sale of property and compensation for loss				24,079
State sources				12,144,398
Federal sources				107,530
Miscellaneous				<u>186,036</u>
Total General Revenues				<u>23,132,302</u>
Change in Net Position				(8,266,734)
Total Net Position - Beginning of Year				<u>(43,729,145)</u>
Total Net Position - End of Year				<u>\$ (51,995,879)</u>

See accompanying notes to financial statements.



**SCHOHARIE CENTRAL SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>School Lunch Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Cash - Unrestricted	\$ 1,644,724	\$ -	\$ -	\$ -	\$ -	\$ 1,644,724
Cash - Restricted	3,144,628	-	-	6,278,171	-	9,422,799
Investments - Unrestricted	-	-	-	-	-	-
Investments - Restricted	722,789	-	-	782,949	-	1,505,738
State and Federal Receivable, net	413,896	636,121	27,209	-	-	1,077,226
Due From Other Governments	556,492	-	-	-	-	556,492
Due From Other Funds	2,680,578	155,826	25,774	225,333	136,560	3,224,071
Accounts Receivable	1,482	-	3,424	-	-	4,906
Inventories	-	-	31,316	-	-	31,316
<b>Total Assets</b>	<b>\$ 9,164,589</b>	<b>\$ 791,947</b>	<b>\$ 87,723</b>	<b>\$ 7,286,453</b>	<b>\$ 136,560</b>	<b>\$ 17,467,272</b>
<b>Liabilities</b>						
Accounts Payable	\$ 120,480	\$ 1,620	\$ -	\$ 767,260	\$ -	\$ 889,360
Accrued Liabilities	81,527	1,670	-	-	-	83,197
Due to Other Funds	260,263	787,387	468,915	1,698,751	-	3,215,316
Due to Other Governments	5,119	1,270	23	-	-	6,412
Due to Teachers' Retirement System	715,889	-	-	-	-	715,889
Due to Employees' Retirement System	89,980	-	-	-	-	89,980
Refundable Advances	-	-	7,110	-	-	7,110
Bond Anticipation Notes	-	-	-	19,865,426	-	19,865,426
<b>Total Liabilities</b>	<b>1,273,258</b>	<b>791,947</b>	<b>476,048</b>	<b>22,331,437</b>	<b>-</b>	<b>24,872,690</b>
<b>Deferred Inflows of Resources</b>	<b>695,425</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>695,425</b>
<b>Fund Equity (Deficiency)</b>						
Fund Equity (Deficiency):						
Non-spendable	-	-	31,316	-	-	31,316
Restricted	3,867,417	-	-	-	136,560	4,003,977
Assigned	2,365,778	-	-	-	-	2,365,778
Unassigned	962,711	-	(419,641)	(15,044,984)	-	(14,501,914)
<b>Total Fund Equity (Deficiency)</b>	<b>7,195,906</b>	<b>-</b>	<b>(388,325)</b>	<b>(15,044,984)</b>	<b>136,560</b>	<b>(8,100,843)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Equity (Deficiency)</b>	<b>\$ 9,164,589</b>	<b>\$ 791,947</b>	<b>\$ 87,723</b>	<b>\$ 7,286,453</b>	<b>\$ 136,560</b>	<b>\$ 17,467,272</b>

Amounts reported for governmental activities in the statement of net position are different due to the following:

Fund equity of the governmental funds	\$ (8,100,843)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	30,577,216
Accrued interest expense is reported under the accrual basis	(62,600)
Receivables expected to be collected after the 60 day availability period are reported as deferred inflows in the governmental funds but as revenue in the entity-wide statements	695,425
Retainage payable is reported under the accrual basis	(656,153)
Reporting of premium on BANs payable	(127,050)
Net Pension Asset	1,156,919
Net Pension Liability	(2,142,232)
Net Deferred (inflows)/outflows related to net pension asset/liability adjustments	3,597,264
Deferred (inflows)/outflows of resources - other post-employment benefits	26,723,540
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(103,657,365)
<b>Net Position of Governmental Activities</b>	<b>\$ (51,995,879)</b>

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>General</u>	<u>Special Aid Fund</u>	<u>School Lunch Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>						
Real Property Taxes and Tax Items	\$ 10,551,175	\$ -	\$ -	\$ -	\$ -	\$ 10,551,175
Charges for Services	42,663	-	-	-	-	42,663
Use of Money and Property	119,045	-	39	-	-	119,084
Sale of Property and Compensation for Loss	85,566	-	-	-	-	85,566
Miscellaneous	160,762	-	25,274	-	-	186,036
State Sources	11,862,786	431,754	7,275	6,379	-	12,308,194
Federal Sources	107,530	543,360	224,203	-	-	875,093
Sales	-	-	77,874	-	-	77,874
<b>Total Revenues</b>	<u>22,929,527</u>	<u>975,114</u>	<u>334,665</u>	<u>6,379</u>	<u>-</u>	<u>24,245,685</u>
<b>Expenditures</b>						
General Support	2,219,936	-	235,231	-	-	2,455,167
Instruction	10,374,001	973,072	-	-	-	11,347,073
Pupil Transportation	1,215,945	64,347	-	-	-	1,280,292
Community Services	3,260	-	-	-	-	3,260
Employee Benefits	5,970,644	6,766	55,878	-	-	6,033,288
Debt Service	2,252,347	-	-	-	-	2,252,347
Cost of Sales	-	-	146,904	-	-	146,904
Capital Outlay	-	-	-	13,915,059	-	13,915,059
<b>Total Expenditures</b>	<u>22,036,133</u>	<u>1,044,185</u>	<u>438,013</u>	<u>13,915,059</u>	<u>-</u>	<u>37,433,390</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>893,394</u>	<u>(69,071)</u>	<u>(103,348)</u>	<u>(13,908,680)</u>	<u>-</u>	<u>(13,187,705)</u>
<b>Other Sources and (Uses)</b>						
Interfund Transfers, net	(84,087)	46,087	38,000	-	-	-
Premium on issuance of debt	-	-	-	-	127,050	127,050
BANs Redeemed From Appropriations	-	-	-	266,537	-	266,537
<b>Total Other Sources (Uses)</b>	<u>(84,087)</u>	<u>46,087</u>	<u>38,000</u>	<u>266,537</u>	<u>127,050</u>	<u>393,587</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)</b>	<u>809,307</u>	<u>(22,984)</u>	<u>(65,348)</u>	<u>(13,642,143)</u>	<u>127,050</u>	<u>(12,794,118)</u>
Fund Equity, Beginning of Year	<u>6,386,599</u>	<u>22,984</u>	<u>(322,977)</u>	<u>(1,402,841)</u>	<u>9,510</u>	<u>4,693,275</u>
<b>Fund Equity, End of Year</b>	<u>\$ 7,195,906</u>	<u>\$ -</u>	<u>\$ (388,325)</u>	<u>\$ (15,044,984)</u>	<u>\$ 136,560</u>	<u>\$ (8,100,843)</u>

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND EQUITY OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020**

Net changes in fund balance - total governmental funds		\$ (12,794,118)
<p>Capital outlays for the purchase of capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their useful lives as depreciation expense in the statement of activities.</p>		
	Depreciation expense \$	(1,178,071)
	Capital outlays, net of change in retainage	<u>14,432,377</u>
		13,254,306
<p>The net book value, cost less accumulated depreciation, of capital assets disposed of are removed from the statement of net position. Any gain or loss resulting is recorded in the statement of activities.</p>		
		(61,487)
<p>Interest is recognized as an expense in the governmental funds when paid. For governmental activities, interest expense is recognized as it accrues. The decrease in accrued interest during 2019/20 results in less expense.</p>		
		32,524
<p>Proceeds of serial bond principal and premiums on a BAN is revenue in governmental funds, but proceeds increase long-term liabilities in the statement of net position.</p>		
		(113,898)
<p>Bond anticipation notes redeemed from appropriations is revenue in governmental funds, but not in the statement of activities.</p>		
		(266,537)
<p>Repayments of long-term debt are recorded as expenditures in the governmental funds but are recorded as payments of liabilities in the statement of net position.</p>		
		1,832,640
<p>Certain revenues in the statement of activities do not meet the availability criteria required for recognition in a governmental fund and are reported as deferred inflows in governmental funds.</p>		
		275,233
<p>Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
	Compensated absences \$	(89,422)
	Other postemployment benefit	(9,144,211)
	TRS pension adjustment	(785,057)
	ERS pension adjustment	<u>(409,491)</u>
		(10,428,181)
<p>Amortization of bond premium, issuance costs and loss on refunding bonds is an adjustment to interest expense in the statement of activities.</p>		
		<u>2,784</u>
Change in net position - governmental activities		\$ <u><u>(8,266,734)</u></u>

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2020**

	<b>Agency</b>	<b>Private Purpose Trusts</b>
<b>ASSETS</b>		
Cash - unrestricted	\$ 182,156	\$ -
Cash - restricted	40,925	46,100
Due from other funds	24,301	-
Total Assets	\$ 247,382	\$ 46,100
<b>LIABILITIES</b>		
Extraclassroom activity balances	\$ 40,925	\$ -
Due to other funds	33,056	-
Other liabilities	173,401	-
Total Liabilities	\$ 247,382	\$ -
<b>NET POSITION</b>		
Reserved for scholarships		\$ 46,100

**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Private Purpose Trusts</b>
<b>ADDITIONS</b>	
Gifts and contributions	\$ 500
Investment earnings	10
Total Additions	510
<b>DEDUCTIONS</b>	
Scholarships and awards	1,204
Change in Net Position	(694)
Net Position - Beginning of year	46,794
Net Position - End of year	\$ 46,100

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Schoharie Central School District ("the District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below:

**A. Reporting Entity**

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

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

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

The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity.

***The Extraclassroom Activity Fund***

The extraclassroom activity fund of the District represents funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity fund can be found at the District's business office, located at 136 Academy Drive, Schoharie, New York 12157. The District accounts for assets held as an agent for various student organizations in an agency fund.

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***B. Joint Venture***

The Schoharie Central School District is a component district of the Capital Region Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in the New York State Education Law, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year ended June 30, 2020, the District was billed \$2,323,598 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$985,372. Financial statements for the BOCES are available from the BOCES administrative office.

***C. Basis of Presentation***

***District-wide statements***

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

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

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**C. Basis of Presentation**

***Fund financial statements***

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

The accounts of the District are organized into funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances revenue, and expenditures. The various funds are summarized by type in the financial statements. Significant transactions between funds within a fund type have been eliminated. The fund types and account groups used by the District are as follows:

The following are the District governmental funds:

1. General Fund

The General Fund is the principal operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of special revenue sources that are legally restricted to expenditure for specified purposes. Special Revenue Funds include the following funds:

a. Special Aid Fund

Used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State grants.

b. School Lunch Fund

The School Lunch Fund is used to account for transactions of breakfast (if any) and lunch programs.

3. Capital Projects Fund

The Capital Projects Fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities, or equipment.

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**C. Basis of Presentation**

***Fund financial statements***

4. Debt Service Fund

This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

Other Fund Type:

**Fiduciary Funds**

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

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

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

**D. Basis of Accounting/Measurement Focus**

General Information

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

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



**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***D. Basis of Accounting/Measurement Focus***

General Information

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

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

***E. Refundable Advances***

Refundable advances arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for refundable advances is removed and revenues are recognized.

***F. Property Taxes***

I. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 20, 2019. Taxes are collected during the period September 1 to November 1, 2019.

II. Enforcement

Uncollected real property taxes are subsequently enforced by the County Treasurers of Schoharie, Albany, Montgomery, and Schenectady in which the District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

***G. Restricted Resources***

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

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***H. Budgetary Procedures and Budgetary Accounting***

**I. Budget Policies**

The budget policies are as follows:

- a. The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.
- b. The proposed appropriation budget for the General Fund is approved by the voters within the District.
- c. Appropriations are adopted at the program line item level.
- d. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the fiscal year end unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not located in the original budget (when permitted by law). Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

From Additional Revenues:	
Insurance Proceeds	\$ 52,549
From Appropriated Reserves:	
Transfer from Capital Reserve	<u>357,555</u>
Total Supplemental Appropriations	<u>\$ 410,104</u>

- e. Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.
- f. Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

**II. Encumbrances**

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities.

**SCHOHARIE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

II. Encumbrances

These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

**H. Budgetary Procedures and Budgetary Accounting**

III. Budget Basis of Accounting

Under GASB No. 34, budgetary comparison information is required to be presented for the General Fund and each major Special Revenue Fund with a legally adopted budget. The District is not legally required to adopt a budget for its Special Revenue Funds. Therefore, budget comparison information for special revenue funds is not included in the District's financial statements.

**I. Cash and Investments**

The District investment policies are governed by New York State statutes. District monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

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

**J. Accounts Receivable**

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

**K. Inventories and Prepaid Items**

Inventories of food and/or supplies in the School Lunch Fund are recorded at cost using the first-in, first-out basis or, in the case of surplus food, at stated value, which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***L. Interfund Transactions***

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

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

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

***M. Short-Term Debt***

The District may issue revenue anticipation notes (RANs) or tax anticipation notes (TANs), in anticipation of the receipt of revenue. These notes are recorded as a liability in the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which an insufficient or no provision is made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes are converted to long-term financing within five years after the original issue date.

***N. Fund Equity - Reservations and Designations***

District-wide statements

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

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

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***N. Fund Equity - Reservations and Designations***

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

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

Fund statements:

In the governmental funds statements there are five classifications of fund equity:

**Non-spendable** - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund equity includes the inventory recorded in the School Lunch Fund of \$31,316.

**Restricted** - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of all other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund equity. The District has established the following restricted fund equity:

Reserve for Employee Benefit Accrued Liability

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve fund may be established by a majority vote of the Board of Education and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

Unemployment Insurance Reserve

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

**SCHOHARIE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***N. Fund Equity - Reservations and Designations***

Insurance Reserve

The Insurance Reserve (GML §6-n) is used to fund certain uninsured losses, claims, actions, or judgments for which the local government is authorized or required to purchase or maintain insurance, with a number of exceptions. An insurance reserve fund may also be used to pay for expert or professional services in connection with the investigation, adjustment, or settlement of claims, actions, or judgments.

Workers' Compensation

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

Retirement Contributions

According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. The portion of the reserve for TRS is \$156,091 and \$700,000 for ERS.

Capital Reserve

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

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***N. Fund Equity - Reservations and Designations***

Repairs

According to General Municipal Law §6-d, must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be used only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years.

Property Loss and Liability

According to Education Law §1709 (8)(C), these reserve funds are used to cover property loss and liability claims incurred. The reserve may be established by board action, and is funded by budgetary appropriations. The total amount of reserves cannot exceed 3 percent of the annual budget (exclusive of any planned balance presently authorized) or \$15,000, whichever is larger. The portion of each reserve is \$325,000.

Debt Service

Used to account for unspent proceeds of debt restricted for debt service.

Restricted fund equity includes the following:

General Fund:	
Employee Benefit Accrued Liability	\$ 820,881
Workers' Compensation	300,000
Retirement Contributions	700,000
Retirement Contributions - TRS Subfund	156,091
Unemployment Insurance	100,000
Insurance	298,000
Repairs	200,000
Capital	642,445
Property Loss and Liability	650,000
Debt Service Fund	<u>136,560</u>
 Total Restricted Funds	 <u>\$ 4,003,977</u>

**Committed** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund equity as of June 30, 2020.

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***N. Fund Equity - Reservations and Designations***

**Assigned** - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund equity represents the residual amount of fund equity. Assigned fund equity also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of the General Fund are classified as Assigned Fund Equity in the General Fund. Encumbrances reported in the General Fund amounted to \$765,778. Appropriated fund equity in the General Fund amounted to \$1,600,000. The remaining fund equity in the other funds is also reported as assigned.

Reserve for Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations.

Purpose of Encumbrances

General Fund	
General support	\$ 113,106
Instruction	293,735
Pupil Transportation	<u>358,937</u>
	<u>\$ 765,778</u>

**Unassigned** - Includes all other General Fund net amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District. In funds other than the General Fund, the unassigned classification is used to report a deficit fund equity resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law Section 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund equity of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. The District did not exceed the 4% limitation at June 30, 2020.

Net Position/Fund Equity:

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



**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***N. Fund Equity - Reservations and Designations***

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

Order of Use of Fund Equity:

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

***O. Post-Employment Benefits***

In addition to providing the retirement benefits described in Note 4.B.I, the District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contract negotiated between the District and its employee groups as governed by Board of Education Policy. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-employment benefits is shared between the District and the retired employee. See Note 6.

***P. Payables, Accrued Liabilities and Long-Term Obligations***

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

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

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Q. Capital Assets**

Capital assets are reported at actual cost or estimated historical cost based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair value at the time received.

Land and construction in process are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<b>Capitalization Threshold</b>	<b>Depreciation Method</b>	<b>Estimated Useful Life in Years</b>
Land	\$ 1,000	N/A	N/A
Buildings and improvements	1,000	SL	20-50
Furniture and equipment	1,000	SL	5-8

**R. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, other post-employment benefits, potential contingent liabilities, actuarial calculation of net pension asset/liability, deferred inflows/outflows, and useful lives of long-term assets.

**S. Vested Employee Benefits**

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in, first-out (LIFO) basis.

Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

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

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**S. *Vested Employee Benefits***

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

**T. *Implementation of New Accounting Standards***

The District has adopted all current Statements of the GASB that are applicable. At June 30, 2020, the District implemented the following new standards issued by GASB. There was no impact due to the implementation of these standards:

GASB issued Statement 83, *Certain Asset Retirement Obligations*, effective for the year ending June 30, 2020.

GASB has issued Statement 88, *Certain Disclosures Related to Debt*, Including Direct Borrowing and Direct Placements, effective for the year ending June 30, 2020.

GASB issued Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, effective for the year ending June 30, 2020.

**U. *Future Changes in Accounting Standards***

GASB issued Statement 84, *Fiduciary Activities*, effective for the year ending June 30, 2021.

GASB has issued Statement 87, *Leases*, effective for the year ending June 30, 2021.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for the year ending June 30, 2022.

GASB has issued Statement 90, *Accounting and Financial Reporting for Majority Equity Interest*, effective for the year ending June 30, 2021.

GASB has issued Statement 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2023.

GASB has issued Statement 92, *Omnibus 2020*, effective for the year ending June 30, 2022.

GASB has issued Statement 93, *Replacement of Interbank Offered Rates*, effective dates vary based on specific paragraphs of the statement from the year ending June 30, 2021, 2022 and 2023.

GASB has issued Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending June 30, 2023.

GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023.

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***U. Future Changes in Accounting Standards***

GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, effective for the year ending June 30, 2022.

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

**2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS**

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

***Total Fund Equity of Governmental Funds vs. Net Position of Governmental Activities***

Total fund equity of the District's governmental funds differs from "net position" of governmental activities reported in the statement of net position. This difference primarily results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions.

***Statement of Revenues, Expenditures and Changes in Fund Equity vs. Statement of Activities and Changes in Net Position***

Differences between the governmental funds statement of revenues, expenditures and changes in fund equity and the statement of activities and changes in net position fall into one of five broad categories. The differences represent:

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenue only when it is considered "available", whereas the statement of activities and changes in net position reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used in the statement of activities and changes in net position.

Capital Related Differences

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

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS**

***Statement of Revenues, Expenditures and Changes in Fund Equity vs. Statement of Activities and Changes in Net Position***

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities and changes in net position as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

Pension Differences

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

OPEB Differences

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

**3. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY**

***Deficit Fund Balances***

There was a deficit fund balance in the capital projects fund of \$15,044,754. This deficit is caused by financing the project with bond anticipation notes. When the bond anticipation notes are refinanced with bonds, this deficit will be removed.

There was a deficit fund balance in the school lunch fund of \$388,325. This deficit will be removed in the future when the fund becomes profitable or when the General Fund budgets for an interfund transfer to cover this deficiency.

**4. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

I. Cash and Investments

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2020 all deposits were fully insured and collateralized by the District's agent in the District's name.

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**4. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

I. Cash and Investments

Investment and Deposit Policy

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

Interest Rate Risk

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

Credit Risk

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

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

Custodial Credit Risk

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

The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies
- Obligations issued or fully insured or guaranteed by New York State and its localities

**SCHOHARIE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**4. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

I. Cash and Investments

Custodial Credit Risk

- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations

Investments

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in active markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

All of the District's investments are valued based on Level 2 of the hierarchy.

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**4. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

I. Cash and Investments

Investments

The District participates in NYCLASS, a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2020, the District held \$1,505,738 in these investments consisting of various investments in securities issued by the United States and its agencies.

Total investments of the cooperative as of year-end are \$3,364,095,147, which consisted of \$215,974,908 in repurchase agreements, \$195,117,519 in FDIC insured bank deposits, \$887,784,709 in collateralized bank deposits and \$2,065,218,011 in U.S. Government Treasury Securities.

The following valuation inputs are included as investments.

<b>Investments in Securities at Value</b>	<b><u>Level 1</u></b>	<b>Valuation Inputs <u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
General Fund	\$ -	\$ 722,789	\$ -	\$ 722,789
Capital Projects Fund	-	<u>782,949</u>	-	<u>782,949</u>
Total	<u>\$ -</u>	<u>\$ 1,505,738</u>	<u>\$ -</u>	<u>\$ 1,505,738</u>

The above amounts represent the fair value of the investment pool shares. For the year ended June 30, 2020, the portfolio did not have significant unobservable inputs (Level 3) used in determining fair value. Thus, a reconciliation of assets in which significant unobservable inputs (Level 3) which were used in determining fair value is not applicable.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the period. The portfolio recognizes transfers between the levels as of the beginning of the fiscal year.

Risks and Uncertainties with Investments

The District invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes could materially affect the amounts reported in the statement of net position.



**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**4. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

I. Cash and Investments

Restricted Cash and Investments

Restricted cash and investments represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at year-end consists of the following:

<u>Fund</u>	<u>Amount</u>	<u>Restriction</u>
General Fund	\$ 100,000	Unemployment Insurance Reserve
	700,000	Retirement Contributions Reserve
	156,091	Retirement Contributions Reserve - TRS
	300,000	Workers' Compensation Reserve
	820,881	Employee Benefit Accrued Liability Reserve
	298,000	Insurance Reserve
	200,000	Repair Reserve
	325,000	Property Loss Reserve
	325,000	Liability Claims Reserve
	<u>642,445</u>	Capital Reserve
Total General Fund	<u>\$ 3,867,417</u>	
Capital Projects Fund	<u>\$ 7,061,120</u>	Capital Projects
Trust and Agency	\$ 40,925	Extraclassroom Activity Funds
Private Purpose Trust Fund	<u>46,100</u>	Scholarships and Memorials
Total Fiduciary	<u>\$ 87,025</u>	

II. Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**4. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

II. Interfund Transactions

Interfund transactions and balances at June 30, 2020 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 2,680,578	\$ 260,263	\$ -	\$ 84,087
Special Aid Fund	155,826	787,387	46,087	-
School Lunch Fund	25,774	468,915	38,000	-
Debt Service Fund	136,560	-	-	-
Capital Projects Fund	<u>225,333</u>	<u>1,698,751</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	3,224,071	3,215,316	84,087	84,087
Fiduciary Fund	<u>24,301</u>	<u>33,056</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 3,248,372</u>	<u>\$ 3,248,372</u>	<u>\$ 84,087</u>	<u>\$ 84,087</u>

III. Capital Assets

Capital asset balances and activity for the year ended June 30, 2020 are as follows:

	<u>Balance July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30</u>
Governmental Activities				
Capital assets that are not depreciated:				
Construction in progress	\$ 2,804,691	\$ 14,549,513	\$ -	\$ 17,354,204
Land	<u>7,889</u>	<u>-</u>	<u>-</u>	<u>7,889</u>
Total Non-depreciable Capital Assets	<u>2,812,580</u>	<u>14,549,513</u>	<u>-</u>	<u>17,362,093</u>
Capital assets that are depreciated:				
Buildings and improvements	24,326,886	-	2,000	24,324,886
Furniture and equipment	<u>7,991,052</u>	<u>517,318</u>	<u>105,036</u>	<u>8,403,334</u>
Total Depreciable Capital Assets	<u>32,317,938</u>	<u>517,318</u>	<u>107,036</u>	<u>32,728,220</u>
Less accumulated depreciation:				
Buildings and improvements	12,818,537	648,050	654	13,465,933
Furniture and equipment	<u>5,562,038</u>	<u>530,021</u>	<u>44,895</u>	<u>6,047,164</u>
Total Accumulated Depreciation	<u>18,380,575</u>	<u>1,178,071</u>	<u>45,549</u>	<u>19,513,097</u>
Total Depreciable Cost, Net	<u>\$ 16,749,943</u>	<u>\$ 13,888,760</u>	<u>\$ 61,487</u>	<u>\$ 30,577,216</u>

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**4. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

IV. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has four items that qualify for reporting in this category. First is the deferred loss on refunding reported in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The fourth item relates to the OPEB and pension systems reporting in the District Wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience, and change in assumptions.

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

**B. Liabilities**

I. Pension Plans

General Information

The District participates in the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). Collectively, TRS and ERS are referred to herein as the "Systems". These are cost-sharing multiple employer, public employee retirement systems. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

**SCHOHARIE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**4. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

**I. Pension Plans**

Plan Descriptions

*Teachers' Retirement System*

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

*Employees' Retirement System*

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

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**4. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

I. Pension Plans

Contributions

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

The District is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

		<u>ERS</u>		<u>TRS</u>
2019-20	\$	351,791	\$	789,379
2018-19		338,643		733,491
2017-18		326,335		869,293

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year.

Pension Liabilities

At June 30, 2020, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2020 for ERS and June 30, 2019 for TRS. The total net pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation as of the dates noted below. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2019	June 30, 2018
Net pension asset/(liability)	\$(2,142,232)	\$1,156,919
District's portion of the Plan's total net pension asset/(liability)	0.008%	0.045%

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**4. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

I. Pension Plans

*Pension Expense (Credit)*

For the year ended June 30, 2020, the District recognized its proportionate share of pension expense of \$727,248 for ERS and \$1,429,432 for TRS.

*Deferred Outflows and Inflows of Resources Related to Pensions*

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>		<b><u>Deferred Inflows of Resources</u></b>	
	<b><u>ERS</u></b>	<b><u>TRS</u></b>	<b><u>ERS</u></b>	<b><u>TRS</u></b>
Differences between expected and actual experiences	\$ 126,079	\$ 784,014	\$ -	\$ 86,031
Changes of assumptions	43,134	2,185,574	37,246	532,905
Net difference between projected and actual earnings on pension plan investments	1,098,212	-	-	927,788
Changes in proportion and differences between contributions and proportionate share of contributions	65,884	151,200	1,705	23,873
Contributions subsequent to the measurement date	<u>89,980</u>	<u>662,735</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,423,289</u>	<u>\$ 3,783,523</u>	<u>\$ 38,951</u>	<u>\$ 1,570,597</u>

District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended March 31, 2021 for ERS and June 30, 2020 for TRS. Other amounts reported as deferred outflows of resources, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<b><u>ERS</u></b>	<b><u>TRS</u></b>
Year ended:		
2020	\$ -	\$ 542,515
2021	230,698	52,321
2022	326,801	540,618
2023	409,328	371,619
2024	327,531	64,432
Thereafter	-	(21,314)

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**4. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

I. Pension Plans

*Actuarial Assumptions*

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Interest rate	6.8%	7.10%
Salary scale	4.2%	1.90% - 4.72%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.5%	2.20%
Cost of Living Adjustments	1.3% annually	1.3% annually

For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries MP-2018. For TRS, annuitant mortality rates are based on July 1, 2009 - June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018.

For ERS, the actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

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

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**4. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

I. Pension Plans

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized below:

<u>ERS</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
	<u>2020</u>	<u>2020</u>
Asset Class:		
Domestic equities	36%	4.05%
International equities	14	6.15
Private equity	10	6.75
Real estate	10	4.59
Absolute return strategies (1)	2	3.25
Opportunistic portfolio	3	4.65
Real assets	3	5.95
Bonds and mortgages	17	0.75
Cash	1	0.00
Inflation-Indexed bonds	<u>4</u>	0.50
Total	<u>100%</u>	

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

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

<u>TRS</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
	<u>2019</u>	<u>2019</u>
Asset Class:		
Domestic equity	33%	6.3%
International equity	16	7.8
Global equity	4	7.2
Real estate equity	11	4.6
Private equity	8	9.9
Domestic fixed income	16	1.3
Global bonds	2	0.9
High-yield bonds	1	3.6
Private debt	1	6.5
Real estate debt	7	2.9
Cash equivalents	<u>1</u>	0.3
Total	<u>100%</u>	

\* Real rates of return are net of the long-term inflation assumption of 2.2% for 2019.



**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**4. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

I. Pension Plans

*Discount rate*

The discount rate used to calculate the total pension asset/(liability) was 6.8% for ERS and 7.10% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

*Sensitivity of the Proportionate Share of the Net Pension Asset/(Liability) to the Discount Rate Assumption.*

The following presents the District's proportionate share of the net pension asset/(liability) as of June 30, 2020 calculated using the discount rate of 6.8% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is one percentage point lower (5.8% for ERS and 6.10% for TRS) or one percentage point higher (7.8% for ERS and 8.10% for TRS) than the current rate:

<b>ERS</b>	<b>1% Decrease <u>(5.8%)</u></b>	<b>Current Assumption <u>(6.8%)</u></b>	<b>1% Increase <u>(7.8%)</u></b>
Employer's proportionate share of the net pension asset/(liability)	\$ (3,931,601)	\$ (2,142,232)	\$ (494,216)
 <b>TRS</b>	 <b>1% Decrease <u>(6.10%)</u></b>	 <b>Current Assumption <u>(7.10%)</u></b>	 <b>1% Increase <u>(8.10%)</u></b>
Employer's proportionate share of the net pension asset/(liability)	\$ (5,222,210)	\$ 1,156,919	\$ 6,508,287

*Changes in assumptions*

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

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**4. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

I. Pension Plans

*Collective Pension Expense*

Collective pension expenses includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2020 is \$761,394 for ERS and \$1,449,838 for TRS.

*Payables to Pension Plan*

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$89,980.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$715,889.

*Other Benefits*

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

II. Indebtedness

1. Short-Term Debt

Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**4. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

II. Indebtedness

1. Short-Term Debt

Transactions in short-term debt are summarized below:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN Maturing 08/02/2019 at 2.75%	\$ 1,500,000	\$ -	\$ 1,500,000	\$ -
BAN Maturing 09/27/2019 at 3.00%	796,963	-	796,963	-
BAN Maturing 07/07/2020 at 1.75%	-	2,000,000	-	2,000,000
BAN Maturing 09/25/2020 at 2.00%	-	530,426	-	530,426
BAN Maturing 06/25/2021 at 1.25%	-	17,335,000	-	17,335,000
Premium on BAN	<u>13,152</u>	<u>127,050</u>	<u>13,152</u>	<u>127,050</u>
	<u>\$ 2,310,115</u>	<u>\$19,992,476</u>	<u>\$ 2,310,115</u>	<u>\$19,992,476</u>

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

Interest paid	\$ 290,425
Less interest accrued in the prior year	(55,744)
Plus interest accrued in the current year	38,873
Less amortization of BAN premium	<u>(13,152)</u>
Total Expense	<u>\$ 260,402</u>

2. Long-Term Debt

a. Serial Bonds

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

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**4. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

II. Indebtedness

2. Long-Term Debt

a. Serial Bonds

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

Interest paid	\$ 129,282
Less interest accrued in the prior year	(39,380)
Plus current year accrued interest	23,727
Less amortization of deferred amounts on refunding deferred expenses and bond premium	<u>(2,784)</u>
Total Expense	<u>\$ 110,845</u>

Long-Term Obligations

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

b. Other Long-Term Debt

In addition to the above long-term debt, the District had the following noncurrent liabilities:

Compensated Absences - Represent the value of the earned and unused portion of the liability for employees' vacation and sick pay which has not been accrued in the General Fund.

Installment Purchase Debt - Represents the remaining installments due on an energy performance contract.

Other Post-employment Benefits - Represents the net liability for other post-employment benefits calculated in accordance with GASB 75 (See Note 6).

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**4. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

II. Indebtedness

3. Changes

The changes in the District's indebtedness during the year ended June 30, 2020, are summarized as follows:

<u>Fund/Type</u>	<u>Balance July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30</u>
Government activities:				
Bonds and notes payable:				
General obligation debt:				
Construction bonds	\$ 4,870,000	\$ -	\$ 1,330,000	\$ 3,540,000
Plus - Bond premium	25,412	-	14,017	11,395
Less - Unamortized loss on refunding*	(22,248)	-	(11,233)	(11,015)
Installment purchase - energy performance contract	<u>724,614</u>	<u>-</u>	<u>236,103</u>	<u>488,511</u>
Total bonds and long term debt	<u>5,597,778</u>	<u>-</u>	<u>1,568,887</u>	<u>4,028,891</u>
Other liabilities				
Compensated absences	756,459	89,422	-	845,881
Other-post employment benefits	<u>75,305,841</u>	<u>25,479,462</u>	<u>2,002,710</u>	<u>98,782,593</u>
Total other liabilities	<u>\$ 76,062,300</u>	<u>\$ 25,568,884</u>	<u>\$ 2,002,710</u>	<u>\$ 99,628,474</u>

Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately.

The above liabilities are liquidated by the general fund.

\* This item is recorded as a deferred outflow on the statement of net position.

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**4. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

II. Indebtedness

4. Maturity

The following is a summary of maturity of indebtedness:

<u>Description of Issue</u>	<u>Original Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2020</u>
Serial Bonds				
Construction Bond	2014	2028	2.00 - 3.00%	1,115,000
Construction Bond	2016	2031	2.00 - 5.00%	1,330,000
Construction Bond - 2017 Refunding	2017	2025	1.00 - 4.00%	1,095,000
				<u>\$ 3,540,000</u>
Installment Purchase Debt				
Energy performance contract	2011	2021	3.50 - 4.00%	<u>\$ 488,511</u>

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$1,095,000 of bonds outstanding are considered defeased.

The following is a summary of maturing debt service requirements for bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Premium</u>	<u>Total</u>
2021	\$ 796,498	\$ 94,873	\$ 4,630	\$ 896,001
2022	817,013	76,508	3,298	896,819
2023	430,000	58,113	1,924	490,037
2024	445,000	48,113	1,163	494,276
2025	355,000	38,763	380	394,143
2025-2032	<u>1,185,000</u>	<u>90,801</u>	<u>-</u>	<u>1,275,801</u>
Total	<u>\$ 4,028,511</u>	<u>\$ 407,171</u>	<u>\$ 11,395</u>	<u>\$ 4,447,077</u>

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**4. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

II. Indebtedness

5. Constitutional Debt Limit

The constitution of the State of New York limits the amount of indebtedness which may be issued by the District. Basically, the District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit do not exceed 10% of the average full valuation of taxable real estate within such District. At June 30, 2020 the District has exhausted 62.40% of its constitutional debt limit.

6. Capital Leases

The Schoharie Central School District is obligated under a lease accounted for as capital lease to finance the cost of energy efficiency improvements. The net book value of assets under the capital leases were approximately \$505,000 at June 30, 2020.

The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of June 30, 2020.

	<b>Year Ending <u>June 30</u></b>	<b><u>Total</u></b>
	2021	\$ 252,661
	2022	252,662
	2023	-
	2024	-
	2025	-
		505,323
Minimum Lease Payments - Capital Lease		505,323
Less: Amount representing interest at District's incremental borrowing rate		16,812
Present Value - Minimum Lease Payments		\$ 488,511

III. Deferred Inflows of Resources

Deferred inflows of resources on the balance sheet - governmental funds arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. The District has established a sixty day availability period.

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**5. COMMITMENTS AND CONTINGENCIES**

**A. *Litigation***

The District has been named as defendant in various actions. A review of these actions by District management indicates that they are either fully covered by insurance or not substantial enough to materially affect the financial position of the District.

**B. *Federal and State Grants***

The District receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies or expenditures disallowed under the terms of the grant.

**C. *Risk Financing and Related Insurance***

General Information

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

The District does not purchase insurance for the risk of losses for unemployment claims. Instead, the District manages its risks for these losses internally and accounts for these in the District's general fund, including provisions for unexpected and unusual claims.

Workers' Compensation Insurance

The District participates in the Schoharie Area Workers' Compensation Plan, a risk sharing pool of thirteen area school districts formed by a trust agreement, to fund the costs of workers' compensation coverage through a group self-insurance program.

Health Insurance Plan

The District's active and retired employees are enrolled in health and medical insurance coverage offered by Blue Shield of Northeastern New York (BSNENY). Two plans are available: Par Plus, and a PPO (preferred provider option). Additionally, the District self-funds the cost of medical prescriptions through a PBM (pharmacy benefit manager), which is ESI (Express Scripts, Inc.).



**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE**

***Plan Description***

The District administers the post-employment benefits as a single-employer defined benefit plan (the Plan), through which retirees and their spouses receive benefits. The Plan provides for continuation of medical and/or dental/vision benefits for certain retirees and their survivors and can be amended by action of the District subject to applicable collective bargaining and employment agreements. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in trust that meet the criteria in paragraph 4 of Statement No. 75.

***Funding Policy***

The obligations of the Plan members, employers and other contributing entities are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employees are eligible for the retiree health benefits upon meeting the following requirements: 1) retire from the District, 2) enrolled in District provided health care at time of retirement and 3) working .5 FTE or 30 hours a week and having at least 10 years of service under the New York State Teachers' or Employees' Retirement Systems, of which at least 5 such years must have been with the District. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis.

The contribution requirements of Plan members and the District are established by the Board of Education. Until changes are made in the NYS law to permit funding, there is no legal authority to fund other post-employment benefit, other than "pay as you go".

***Benefits Provided***

The District provides for continuation of medical and/or Medicare Part B benefits for certain retirees and their spouses. The benefit terms are dependent on which contract each employee falls under, retirees and their spouses receive benefits for the lifetime of the retired employee. The specifics of each contract are on file at the District offices and are available upon request.

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE**

***Employees Covered by Benefit Terms***

At the valuation date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	165
Inactive plan members entitled to but not yet receiving benefit payments	0
Active plan members	<u>176</u>
Total plan members	<u>341</u>

***Net OPEB Liability***

The District's total OPEB liability was measured as of June 30, 2020; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

***Actuarial Assumption and Other Inputs***

The total OPEB liability at June 30, 2020 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%
Salary increases	2.9% - 10.0%
Discount Rate	2.21%
Healthcare cost trend rates	
Pre-Medicare	5.40% for 2019 decreasing to an ultimate rate of 3.84% by 2075.
Medicare	6.49% for 2019 decreasing to an ultimate rate of 3.84% by 2075.
Vision	4.25% for 2019 decreasing to an ultimate rate of 3.00%

Mortality rates were based Pub-2010 General Employees Headcount-Weighted table projected fully generationally using MP-2019 for employees participating in NYS ERS. Pub-2010 Teacher Employee Headcount-Weighted table projected fully generationally using MP-2019 for employees participating in NYS TRS.

Retirement participation rate assumed that employees may retire at age 55 but may elect to retire at different ages. The retirement rates used were developed by the Office of the Actuary of TRS and ERS. It is assumed 100% of retirees will participate and 50% of male and 20% of females will elect spousal coverage.

Termination rates are based on a blend of assumptions for all employees under ERS and female employees under TRS.

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

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE**

***Changes in the Net OPEB Liability***

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

	<b>Total OPEB Liability [a]</b>	<b>Plan Fiduciary Net Position [b]</b>	<b>Net OPEB Liability [a] - [b]</b>
<b>Balances at June 30, 2019</b>	<u>\$ 75,305,841</u>	<u>\$ -</u>	<u>\$ 75,305,841</u>
Changes for the year:			
Service cost	2,655,790	-	2,655,790
Interest	2,701,609	-	2,701,609
Difference between expected and actual experience	49,061	-	49,061
Contributions - employer	-	-	-
Net investment income	-	-	-
Changes of assumptions or other inputs (change in discount rate)	20,073,002	-	20,073,002
Benefit payments	(2,002,710)	-	(2,002,710)
Administrative expense	-	-	-
Net changes	<u>23,476,752</u>	<u>-</u>	<u>23,476,752</u>
<b>Balances, June 30, 2020</b>	<u>\$ 98,782,593</u>	<u>\$ -</u>	<u>\$ 98,782,593</u>

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current discount rate:

	<b>1% Decrease (1.21%)</b>	<b>Discount Rate (2.21%)</b>	<b>1% Increase (3.21%)</b>
Total OPEB Liability	\$119,346,806	\$98,782,593	\$82,794,599

***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.40% decreasing to 2.84%) or 1 percentage point higher (6.40% decreasing to 4.84%) than the current healthcare cost trend rate:

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE**

***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

	1% Decrease (4.40% Decreasing to <u>2.84%</u> )	Healthcare Cost Trend Rate (5.40% Decreasing to <u>3.84%</u> )	1% Increase (6.40% Decreasing to <u>4.84%</u> )
Total OPEB Liability	\$79,894,644	\$98,782,593	\$124,086,717

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$11,146,921. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,029,411	\$ -
Changes of assumptions	24,245,492	1,551,363
Contributions subsequent to the measurement period	-	-
Total	<u>\$ 28,274,903</u>	<u>\$ 1,551,363</u>

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

<u>Year Ending June 30,</u>	
2021	\$ 5,789,522
2022	5,789,522
2023	5,789,522
2024	6,001,296
2025	3,353,678
Thereafter	-

**SCHOHARIE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**7. TAX ABATEMENTS**

The County of Schoharie enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The District property tax revenue was reduced by \$842,305. The District received Payments in Lieu of Tax (PILOT) payment totaling \$2,838,724.

**8. CONTINGENCY**

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19, a respiratory disease, to be a pandemic. It is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future operations. The District's operations are heavily dependent on real property taxes and state aid. Additionally, access to grants, funding and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. The outbreak will likely have a continued material adverse impact on the economy and cost of education. In August 2020 the Governor signed legislation that provides financial flexibility to school districts as a result of the pandemic. The full impact of the COVID-19 outbreak continues to evolve as of the date these financial statements were available to be issued.

**9. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through October 20, 2020, which is the date these financial statements were issued. All subsequent events requiring recognition as of June 30, 2020, have been incorporated into these statements herein.

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance with Actual</u>
<b>Revenues</b>				
Local Sources				
Real Property Taxes	\$ 7,289,992	\$ 7,289,992	\$ 7,289,992	\$ -
Real Property Tax Items	3,253,372	3,253,372	3,261,183	7,811
Nonproperty Taxes	-	-	-	-
Charges for Services	68,000	68,000	42,663	(25,337)
Use of Money and Property	72,766	72,766	119,045	46,279
Sale of Property and Compensation for Loss	3,000	55,546	85,566	30,020
Miscellaneous	137,502	137,505	160,762	23,257
Total Local Sources	10,824,632	10,877,181	10,959,211	82,030
State Sources	12,035,599	12,035,599	11,862,786	(172,813)
Federal Sources	60,000	60,000	107,530	47,530
<b>Other Sources</b>				
Interfund Transfers	-	-	-	-
Total Revenue and Other Sources	<u>22,920,231</u>	<u>22,972,780</u>	<u>22,929,527</u>	<u>\$ (43,253)</u>
<b>Appropriated Fund Balance</b>				
Prior Year's Encumbrances	329,165	329,165	-	
Appropriated Reserves	-	357,555	-	
Appropriated Fund Balance	<u>1,600,000</u>	<u>1,600,000</u>	<u>-</u>	
Total Appropriated Fund Balance	<u>1,929,165</u>	<u>2,286,720</u>	<u>-</u>	
Total Revenues, Other Sources and Appropriated Fund Balance	<u>\$ 24,849,396</u>	<u>\$ 25,259,500</u>	<u>\$ 22,929,527</u>	

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Final Budget Variance with Actual and Encumbrances</u>
<b>Expenditures</b>					
General Support					
Board of Education	\$ 28,487	\$ 30,639	\$ 19,586	\$ -	\$ 11,053
Central Administration	202,604	212,758	208,319	-	4,439
Finance	399,617	403,288	336,389	17,000	49,899
Staff	169,352	170,390	139,942	8,969	21,479
Central Services	1,738,095	1,664,695	1,328,340	87,137	249,218
Special Items	195,100	194,375	187,360	-	7,015
Total General Support	<u>2,733,255</u>	<u>2,676,145</u>	<u>2,219,936</u>	<u>113,106</u>	<u>343,103</u>
Instruction					
Instruction, Administration & Improvement	479,615	552,322	511,642	3,600	37,080
Teaching - Regular School	5,785,799	5,705,985	5,407,221	92,934	205,830
Programs for Students with Disabilities	2,923,219	2,888,221	2,442,546	146,837	298,838
Occupational Education	540,000	540,000	486,369	-	53,631
Teaching - Special Schools	38,700	40,700	32,977	-	7,723
Instructional Media	837,815	837,315	628,901	42,390	166,024
Pupil Services	1,106,145	1,094,862	864,345	7,974	222,543
Total Instruction	<u>11,711,293</u>	<u>11,659,405</u>	<u>10,374,001</u>	<u>293,735</u>	<u>991,669</u>
Other Pupil Transportation	1,316,654	1,845,255	1,215,945	358,937	270,373
Community Services	3,229	3,260	3,260	-	-
Employee Benefits	6,846,308	6,595,555	5,970,644	-	624,911
Debt Service					
Debt Service Principal	1,965,311	1,980,834	1,832,640	-	148,194
Debt Service Interest	195,346	421,046	419,707	-	1,339
Total Other	<u>10,326,848</u>	<u>10,845,950</u>	<u>9,442,196</u>	<u>358,937</u>	<u>1,044,817</u>
Total Expenditures	24,771,396	25,181,500	22,036,133	765,778	2,379,589
<b>Other Financing Uses</b>					
Interfund Transfer	78,000	78,000	84,087	-	(6,087)
Total Expenditures and Other Uses	<u>\$ 24,849,396</u>	<u>\$ 25,259,500</u>	<u>22,120,220</u>	<u>\$ 765,778</u>	<u>\$ 2,373,502</u>
<b>Net Change in Fund Balance</b>			\$ 809,307		
Fund balance - beginning			<u>6,386,599</u>		
Fund balance - ending			<u>\$ 7,195,906</u>		

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
JUNE 30, 2020**

<b>Total OPEB Liability</b>	<b>Fiscal Year Ending * <u>2020</u></b>	<b>Fiscal Year Ending * <u>2019</u></b>	<b>Fiscal Year Ending * <u>2018</u></b>
Measurement date	6/30/2020	6/30/2019	6/30/2018
Service cost	\$ 2,655,790	\$ 1,574,280	\$ 1,635,011
Interest	2,701,609	2,197,760	2,019,699
Changes in benefit terms	-	-	-
Difference between expected and actual experience in the measurement of the total OPEB liability	49,061	5,982,791	-
Changes in assumptions and other inputs	20,073,002	11,276,984	(2,873,715)
Benefit payments	<u>(2,002,710)</u>	<u>(1,865,001)</u>	<u>(2,116,260)</u>
Net Change in Total OPEB Liability	23,476,752	19,166,814	(1,335,265)
Total OPEB Liability - beginning	<u>75,305,841</u>	<u>56,139,027</u>	<u>57,474,292</u>
Total OPEB Liability - ending	<u>\$ 98,782,593</u>	<u>\$ 75,305,841</u>	<u>\$ 56,139,027</u>
Covered-employee payroll	\$ 9,190,693	\$ 8,791,163	\$ 10,052,971
Total OPEB Liability as a percentage of covered-employee payroll	1074.81%	856.61%	558.43%

\* Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of each fiscal year were determined as of the measurement date as noted above.



**SCHOHARIE CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF PROPORTIONATE SHARE OF  
NET PENSION LIABILITY (ASSET)  
LAST 10 FISCAL YEARS  
FOR THE YEAR ENDED JUNE 30, 2020**

ERS Pension Plan

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.0081%	0.0080%	0.0080%	0.0077%	0.0073%	0.0073%
Proportionate share of the net pension liability (asset)	\$ 2,142,232	\$ 566,296	\$ 259,637	\$ 725,065	\$ 1,186,644	\$ 245,592
Covered-employee payroll	\$ 2,458,634	\$ 2,497,516	\$ 2,372,107	\$ 2,229,610	\$ 2,219,998	\$ 2,123,727
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	87%	23%	11%	33%	53%	12%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

TRS Pension Plan

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.0445%	0.0459%	0.0468%	0.0472%	0.0466%	0.0466%
Proportionate share of the net pension liability (asset)	\$ (1,156,919)	\$ (830,882)	\$ (355,770)	\$ 506,458	\$ (4,839,896)	\$ (5,191,726)
Covered-employee payroll	\$ 7,648,382	\$ 7,651,567	\$ 7,493,705	\$ 7,553,018	\$ 8,229,550	\$ 8,667,256
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	-15%	-11%	-5%	7%	-59%	-60%
Plan fiduciary net position as a percentage of the total pension liability	102.20%	100.66%	100.66%	99.01%	110.46%	111.48%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of each plans measurement date as disclosed in the footnotes.

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF DISTRICT CONTRIBUTIONS  
LAST 10 FISCAL YEARS  
FOR THE YEAR ENDED JUNE 30, 2020**

ERS Pension Plan

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 351,791	\$ 338,643	\$ 326,335	\$ 321,424	\$ 366,730	\$ 381,413
Contributions in relation to the contractually required contribution	<u>(351,791)</u>	<u>(338,643)</u>	<u>(326,335)</u>	<u>(321,424)</u>	<u>(366,730)</u>	<u>(381,413)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,458,634	\$ 2,497,516	\$ 2,372,107	\$ 2,229,610	\$ 2,219,998	\$ 2,123,727
Contributions as a percentage of covered-employee payroll	14.31%	13.56%	13.76%	14.42%	16.52%	17.96%

TRS Pension Plan

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 789,379	\$ 733,491	\$ 869,293	\$ 967,552	\$ 1,227,001	\$ 1,118,743
Contributions in relation to the contractually required contribution	<u>(789,379)</u>	<u>(733,491)</u>	<u>(869,293)</u>	<u>(967,552)</u>	<u>(1,227,001)</u>	<u>(1,118,743)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 7,648,382	\$ 7,651,567	\$ 7,493,705	\$ 7,553,018	\$ 8,229,550	\$ 8,667,256
Contributions as a percentage of covered-employee payroll	10.32%	9.59%	11.60%	12.81%	14.91%	12.91%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of each plans measurement date as disclosed in the footnotes.

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET AND  
SCHEDULE OF SECTION 1318 REAL PROPERTY TAX LAW LIMIT CALCULATION  
FOR THE YEAR ENDED JUNE 30, 2020**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$ 24,520,231
Add: Prior year's encumbrances	<u>329,165</u>
Original Budget	24,849,396
Additions:	
Budget Amendments	<u>410,104</u>
Final Budget	\$ <u><u>25,259,500</u></u>

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

2020-21 [subsequent year's] voter-approved expenditure budget	\$ 24,756,356
Maximum allowed (4% of 2020-21 [subsequent year's] budget)	990,254

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

Unrestricted Fund Balance:	
Committed Fund Balance	\$ -
Assigned Fund Balance	2,365,778
Unassigned Fund Balance	<u>962,711</u>
Total Unrestricted Fund Balance	<u><u>3,328,489</u></u>
Less:	
Appropriated Fund Balance	1,600,000
Insurance Recovery Reserve	-
Tax Reduction Reserve	-
Encumbrances included in Committed and Assigned Fund Balance	<u>765,778</u>
Total Adjustments	<u><u>2,365,778</u></u>
 General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	 \$ <u><u>962,711</u></u>
 Actual percentage	 3.89%

\* Per office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions," Updated April 2011 (Originally Issued November 2010), the portion of [General Fund] fund balance subject to Section 1318 of the Real Property Tax law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

SCHOHARIE CENTRAL SCHOOL DISTRICT  
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2020

PROJECT TITLE	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing					Fund Balance June 30, 2020
			Prior Years	Current Year	Total		Proceeds of Installment Purchase Debt	Serial Installment Bonds	Local Sources	State Sources	Total	
Capital Project #1 EXCEL Project	\$ 2,482,000	\$ 2,537,134	\$ 2,537,134	\$ -	\$ 2,537,134	\$ -	\$ 2,079,942	\$ 347,058	\$ 110,134	\$ -	\$ 2,537,134	\$ -
Capital Project #2 Bus Purchase	1,962,021	1,962,021	2,998,517	264,090	3,262,607	(1,300,586)	2,335,736	-	122,474	-	2,458,210	(804,397)
Capital Project #3 Asbestos Project	455,000	199,657	199,657	-	199,657	-	36,650	-	106,618	-	143,268	(56,369)
Capital Project #4 Renovations Project	1,850,000	2,249,684	2,594,873	-	2,594,873	(345,189)	-	1,800,000	425,835	-	2,225,835	(369,038)
Generator Project	675,350	675,350	675,350	-	675,350	-	-	-	675,350	-	675,350	-
Installment Purchase Debt - Truck	39,899	39,899	79,297	-	79,297	(39,398)	72,367	-	-	-	72,367	(6,930)
Bus Garage Phase I (Tank)	376,000	510,805	510,805	-	510,805	-	38,363	630,290	145,366	-	814,019	303,214
Bus Garage Project Phase II	437,000	302,195	37,088	-	37,088	265,107	-	-	-	-	-	(37,088)
High School Roof	100,000	110,000	104,410	-	104,410	5,590	-	-	-	-	-	(104,410)
High School Renovations	984,710	804,628	741,853	-	741,853	62,775	-	1,084,710	-	-	1,084,710	342,857
Elementary School Renovations	-	85,114	160,629	-	160,629	(75,515)	-	-	-	-	-	(160,629)
High School Renovations	-	9,854	9,854	-	9,854	-	-	-	-	-	-	(9,854)
Elem. School Renovations 2017-18	1,760,500	1,760,500	1,173,377	83,830	1,257,207	503,293	-	-	-	-	-	(1,257,207)
High School Renovations 2017-18	18,642,000	18,642,000	1,817,974	13,567,139	15,385,113	3,256,887	-	2,500,000	-	-	2,500,000	(12,885,113)
Smart Schols Bond Act	942,067	942,067	942,067	-	942,067	-	-	-	-	942,067	942,067	-
Energy Performance Contract	2,079,148	2,114,563	2,114,563	-	2,114,563	-	2,079,148	35,415	-	-	2,114,563	-
<b>Totals</b>	<b>\$ 32,785,695</b>	<b>\$ 32,945,471</b>	<b>\$ 16,697,448</b>	<b>\$ 13,915,059</b>	<b>\$ 30,612,507</b>	<b>\$ 2,332,964</b>	<b>\$ 6,642,206</b>	<b>\$ 3,897,473</b>	<b>\$ 4,085,777</b>	<b>\$ 942,067</b>	<b>\$ 15,567,523</b>	<b>\$ (15,044,984)</b>

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS  
JUNE 30, 2020**

<b>Capital Assets, Net</b>	\$	30,577,216
<b>Add:</b>		
Unamortized deferred loss	\$	11,015
Capital projects fund - cash and investments		<u>7,061,120</u>
		7,072,135
<b>Deduct:</b>		
Bond anticipation notes payable	\$	(19,992,476)
Short-term portion of bonds payable		(555,000)
Long-term portion of bonds payable		(2,985,000)
Unamortized bond premium		(11,395)
Short-term portion of installment purchase debt		(241,498)
Long-term portion of installment purchase debt		<u>(247,013)</u>
		<u>(24,032,382)</u>
<b>Net Investment in Capital Assets</b>	<b>\$</b>	<b><u>13,616,969</u></b>

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

To the President and Members  
of the Board of Education of  
Schoharie 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 and each major fund of the Schoharie Central School District (the District), as of and for the year ended June 30, 2020, 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 20, 2020.

**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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency described in the accompanying schedule of findings and questioned costs as item 2020-001 to be a material weakness.

## **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*.

## **District's Response to the Finding**

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

*Marvin and Company, P.C.*

Latham, NY

October 20, 2020

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the President and Members  
of the Board of Education of  
Schoharie Central School District

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

We have audited the Schoharie 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, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of 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 Schoharie Central School District's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Schoharie Central School District, complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.



## Report on Internal Control Over Compliance

Management of the Schoharie Central School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-002, 2020-003, and 2020-004 that we consider to be significant deficiencies.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*Marvin and Company, P.C.*

Latham, NY  
October 20, 2020

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass- Through Entity Identifying Number</b>	<b>Pass- Through To Subrecipient</b>	<b>Total Federal Expenditures</b>
<b><u>U.S. Department of Education</u></b>				
Indirect Awards - Passed Through New York State Education Department:				
Special Education Cluster				
Special Education - Grants to States	84.027	0032-20-0843	-	\$ 246,842
Special Education Preschool Grants	84.173	0033-20-0843	-	<u>17,638</u>
Total Special Education Cluster				<u>264,480</u>
Title I Grants to Local Educational Agencies - Parts A&D	84.010	0021-20-2790	-	224,788
Improving Teacher Quality State Grants	84.367	147-20-7678	-	37,016
Title IV	84.424	0204-20-2790	-	15,451
Title V	84.358	0006-20-2790	-	<u>1,625</u>
Total U.S. Department of Education				<u>543,360</u>
<b><u>U.S. Department of Agriculture</u></b>				
Passed Through New York State Education Department:				
Child Nutrition Cluster				
National School Lunch Program	10.555	Not Applicable	-	121,563
COVID-19 National School Lunch Program	10.555	Not Applicable	-	26,175
School Breakfast Program	10.553	Not Applicable	-	28,300
COVID-19 School Breakfast Program	10.553	Not Applicable	-	16,452
Food Distribution	10.555	Not Applicable	-	<u>31,713</u>
Total Child Nutrition Cluster				<u>224,203</u>
Total U.S. Department of Agriculture				<u>224,203</u>
Total Expenditures of Federal Awards				<u>\$ 767,563</u>

**SCHOHARIE CENTRAL SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2020**

**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the District financial statements. Federal awards that are included in the Schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies.

The information presented in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This Schedule only presents a selected portion of the operations of the District.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

The federal expenditures are recognized under the Uniform Guidance.

**3. SCOPE OF AUDIT**

The Schoharie Central School District is an independent municipal corporation. All federal grant operations of the District are included in the scope of the single audit.

**4. NON-CASH ASSISTANCE**

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2020, the District received food commodities totaling \$31,713.

**5. INDIRECT COST RATE**

The Schoharie Central School District did not elect to use the 10% de minimus cost rate.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District's policy is not to charge federal award programs with indirect costs.

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

yes       no  
 yes       none reported

Noncompliance material to financial statements noted?

yes       no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

yes       no  
 yes       none reported

Type of auditor's report issued on compliance for major programs

Unmodified

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

yes       no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

10.553 and 10.555  
84.010

Child Nutrition Cluster  
Title I

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes       no

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Section II: Financial Statement Findings**

*Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:*

Material Weakness

2020-001      Adjustments

*Statement of Condition:* Several adjusting journal entries were proposed as part of the audit process to reflect actual year end balances of expenditures, revenues, interfund revenues and expenditures, due to/from other funds, refundable advances, debt service expenditures, fund balance, reserves, accounts payable and accounts receivable.

*Criteria:* To accurately present the financial position of the District, general ledger accounts should be reconciled and monitored throughout the year and at year end by management. The accuracy of financial data is crucial to the budget process and monthly report monitoring.

*Context:* The adjustments were identified as part of our auditing procedures.

*Effect of Condition:* As it relates to the adjusting journal entries proposed as part of the audit process the following accounts were over or understated by the respective approximate amounts: In the general fund, revenues overstated by \$576,000, expenditures understated by \$84,500, due from other governments understated \$206,500, due from other funds understated by \$365,500, deferred inflows understated by \$730,000, accounts payable understated by \$85,000, accounts receivable overstated by \$104,000, due to other governments overstated by 52,500, interfund transfers understated by \$21,000, and cash understated by \$387,000. In the special aid fund revenues overstated by \$62,600, expenditures understated by \$29,000, due from state and federal overstated by \$371,000, due from other funds understated by \$16,000, cash understated by \$263,750, and interfund understated by \$29,300. In the school lunch fund due to other funds and cash understated by \$123,300 and revenue overstated, and deferred revenue understated by \$7,110. In the capital fund, expenditures and accounts payable understated by \$757,700. In the private purpose trust fund revenues were understated by \$500.

*Cause:* The adjusting journal entries identified during the audit appear to be caused by transactions being inaccurately recorded no periodic reconciliation during the year.

*Recommendation:* As it relates to preventing future audit adjustments, general ledger accounts should be reconciled by management throughout the year or at a minimum at the end of the year to ensure the balances accurately reflect the activity that occurred.

*Views of Responsible Officials and Planned Corrective Actions:* The District will implement a monthly review and reconciliation of all general ledgers to ensure that the balances in the financial management system are accurate to the financial activity. Any discrepancies will be addressed.

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020**

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

*Findings and questioned costs related to Federal awards which are required to be reported in accordance with 2 CFR 200.516(a):*

Significant Deficiencies:

2020-002      Child Nutrition - Procurement

*Information on Federal Program:* U.S. Department of Agriculture Child Nutrition Cluster (National School Lunch Program and School Breakfast Program CFDA No. 10.553 and CFDA No. 10.555) passed through the New York State Education Department.

*Criteria:* 2 CFR Section 200.318 stipulates that a non-Federal entity must use its own documented procurement procedures which reflect applicable state, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in Part 200 Subpart D. Additionally, 2 CFR Section 200.213 stipulates that no awards, subawards, or contracts be awarded to parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

*Statement of Condition:* During our testing, we noted that the District's procurement policy is not in compliance with the Uniform Guidance. Additionally, the District is not documenting the annual verification of the eligibility of vendors to participate in Federal assistance programs.

*Statement of Cause:* The District did not review compliance requirements related to procurement outlined in 2 CFR Section 200.318 and Section 200.213.

*Statement of Effect:* The District is not in compliance with 2 CFR Section 200.318 and 2 CFR Section 200.213. The District's purchasing policy does not contain the required elements. The District is not performing required procedures, as a result, vendors that are not eligible for participation in Federal assistance programs or activities could be paid with federal dollars or the District could be overpaying for goods and services.

*Questioned Cost:* None.

*Perspective Information:* As part of testing of compliance over procurement, a selection of vendors charged to the major program was selected for testing of compliance. Of the District's vendors charged to this specific major program, none were suspended or debarred from participation in Federal assistance programs or activities.

*Repeat Finding:* Yes

*Recommendation:* We recommend that the District review the requirements of 2 CFR Sections 200.318 and 200.213 and update the District's procurement policy and ensure that an annual review of the eligibility of potential vendors to participate in Federal assistance programs or activities is performed prior to disbursing funds to the vendor.

*Views of the Responsible Officials and Planned Corrective Actions:* The District will amend its procurement policy and procedures to ensure compliance.

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020**

*Findings and questioned costs related to Federal awards which are required to be reported in accordance with 2 CFR 200.516(a):*

Significant Deficiencies:

2020-003      Child Nutrition - Eligibility

*Information on Federal Program:* U.S. Department of Agriculture Child Nutrition Cluster (National School Lunch Programs and School Breakfast Program CFDA No. 10.553 and CFDA No. 10.555) passed through the New York State Education Department.

*Criteria:* A child's eligibility for free or reduced price meals under a Child Nutrition Cluster program may be established by the submission of an annual application or statement which furnishes such information as family income and family size. Local educational agencies (LEAs), institutions, and sponsors determine eligibility by comparing the data reported by the child's household to published income eligibility guidelines. In addition to publishing income eligibility information in the Federal Register, FNS makes it available on the FNS website at <http://www.fns.usda.gov/schoolmeals/income-eligibility-guidelines>. Children from households with incomes at or below 130 percent of the Federal poverty level are eligible to receive meals or milk free under the School Nutrition Programs. Children from households with incomes above 130 percent but at or below 185 percent of Federal poverty level are eligible to receive reduced price meals. Persons from households with incomes exceeding 185 percent of the poverty level pay the full price (7 CFR section 245.2, 245.3, and 245.6; section 9(b)(1) of the NSLA (42 USC 1758 (b)(1)); sections 3(a)(6) and 4(e) of the CNA (42 USC 1772 (a)(6) and 1773(e))).

*Statement of Condition:* During our testing, we noted one application for free meals was calculated incorrectly. The District determined the household was ineligible for free or reduced price meals, however, based on the income eligibility guidelines, the household was eligible for reduced price meals. Additionally, there was one application that could not be located, therefore, we were unable to verify whether the eligibility of the household for free or reduced prices meals was accurate.

*Statement of Cause:* The District's school lunch software automatically calculates the eligibility of each household based on the data input into the software. The household income was incorrectly input into the software causing the incorrect determination of eligibility for that household. While there is a review of the application received, there is no review of the input into the software and the individual who reviews the application is the same individual who inputs the information into the software. Regarding the missing application, there was turnover in the position responsible for performing the calculation at the end of 2019/2020, and this application could not be located by the person currently responsible.

*Statement of Effect:* The District received less federal funding than they were eligible for as they were not being reimbursed as the meals were charged to the family at full price rather than being reduced. It cannot be determined what the potential effect on the District could be regarding the application that could not be located.

*Questioned Cost:* None.

**SCHOHARIE CENTRAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020**

*Findings and questioned costs related to Federal awards which are required to be reported in accordance with 2 CFR 200.516(a):*

Significant Deficiencies:

2020-003      Child Nutrition - Eligibility

*Perspective Information:* A sample of 60 applications for free or reduced price meals were selected for testing, the entire population of families receiving free or reduced price meals through submission of applications to the District. Any other students receiving free or reduced price meals were automatically eligible and directly certified through the county. Our sample therefore represented the complete population of applicants. Based on testing of the complete population, there was one application that was incorrectly calculated and one missing application.

*Repeat Finding:* No

*Recommendation:* We recommend that the District ensure a thorough review of the applications and related income guidelines compared to the information in the software is completed by an individual without responsibility for eligibility determination under the program.

*Views of the Responsible Officials and Planned Corrective Actions:* The District will ensure there is segregation of responsibility such that the data entered into the computerized system is completed by an individual separate from the individual who is responsible for the eligibility determination.

2020-004      Paid Lunch Equity Calculation

*Information on Federal Program:* U.S. Department of Agriculture Child Nutrition Cluster (National School Lunch Program and School Breakfast Program CFDA No. 10.553 and CFDA No. 10.555) passed through the New York State Education Department.

*Criteria:* Paid Lunch Equity requirement 7 CFR section 210.14(e). Annually, the District is required to perform this calculation to determine whether its paid lunch price requires adjustment.

*Statement of Condition:* The paid lunch equity calculation was completed. However, the required increase of \$.04 was not instituted by the District.

*Statement of Cause:* The District elected to forgo the required price increase.

*Statement of Effect:* The District did not comply with the paid lunch equity requirement.

*Questioned Costs:* None



**SCHOHARIE CENTRAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020**

*Findings and questioned costs related to Federal awards which are required to be reported in accordance with 2 CFR 200.516(a):*

Significant Deficiencies:

2020-004      Paid Lunch Equity Calculation

*Perspective Information:* The paid lunch equity calculation is required to be performed on an annual basis by November 15<sup>th</sup> of each year and submitted by December 15<sup>th</sup>. The paid lunch equity calculator performed for 2019/2020 was submitted in a timely manner, but the District did not increase paid lunch prices in accordance with the calculator.

*Repeat Finding:* No

*Recommendation:* We recommend that the District implement price increases resulting from the paid lunch equity calculation as required.

*Views of the Responsible Officials and Planned Corrective Actions:* The District will ensure that they properly implement the required increases as a result of the paid lunch equity calculation.

**Summary Schedule of Prior Audit Findings**

2019-001      Compliance with New York State Real Property Tax Law

Status: Corrective action was taken therefore this finding is not repeated.

2019-002      Adjustments

Status: This comment is repeated as part of finding 2020-001

2019-003      Child Nutrition - Procurement

Status: The District official responsible for correcting this finding left the District early in the 2019/2020 year, and the person currently responsible was unaware that it was an item that needed to be corrected, therefore, this comment is repeated as item 2020-002.