

CANAJOHARIE CENTRAL SCHOOL DISTRICT

**AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULES**

JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Canajoharie Central School District
Canajoharie, New York

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Canajoharie Central School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof 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, budgetary comparison information, schedule of funding progress – changes in total other post-employment benefits liability and related ratios and schedules of local government's proportionate share of the net pension liability and contributions on pages 3 through 12 and pages 51 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information on pages 56 through 58, as described in the table of contents and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements 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 supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

WEST & COMPANY CPAs PC

Gloversville, New York
September 9, 2021

CANAJOHARIE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

FINANCIAL HIGHLIGHTS

The Canajoharie Central School District continues to exercise strategic management of the District's resources. The administration also believes that the District must be flexible to adjust to the unpredictable nature of inequity in state aid distribution, the uncertainty of federal funding, and the COVID-19 pandemic, while minimizing the effect upon the taxpayers.

The District continues to offer all curricular programs and student services. We have been able to maintain and in some areas, enhance, curricular, music, art, and sports programs and learning experiences through technology upgrades. This has been possible because of the strict management over other expenditures such as health insurance costs and utilities and the infusion of funds from the pandemic initiated federal grants that the District recently received. The District has also budgeted a tax levy increase at or under the tax levy cap every year since the implementation of the tax cap and will continue to strive to do so in the future.

Although the unassigned fund balance is above the 4% recommended limit, resources have been placed in several reserves, including the Capital Reserve for Bus Replacement, Retirement Contribution Reserve, Capital Building Project and Equipment Reserves. The Teachers Retirement and Employees Retirement contributions have decreased compared to significant increases over the last several years. The administration is actively working to reduce the unassigned fund balance and believes that allocating money to the reserves is important in planning for the unforeseeable future, COVID-19 pandemic and the state aid reductions that may occur. In addition, ensuring that funds are available for maintenance issues or concerns that are not annual costs in the budget.

The District completed a \$4.9 million capital project that included heating system and roof upgrades, safety and security upgrades, and some small preventative work on all buildings. An Energy Performance Contract (EPC) was completed as well. The EPC project will save energy costs for the next 18 years.

The District has taken advantage of every opportunity to refund bonds. In May, 2016, a refunding was done that resulted in a savings of approximately \$100,000 over the next ten years. This is in addition to other refundings: one in 2014 resulting in a savings of \$95,000 and one in 2012 with a savings of approximately \$100,000.

The Canajoharie Central School District continues to be a member of the ONC BOCES Shared Business Office and uses the shared services offered. This provides segregation of duties and streamlines certain business office functions. To help reduce additional costs, the District shares a food service coordinator with Fort Plain CSD, utilizes HFM BOCES for other shared positions and services, implemented a tuition charge for out of district students and have merged some extracurricular activities with a neighboring district.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (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 School District:

The first two statements are *District-wide* financial statements that provide both short-term and long-term information about the School District's overall financial status.

The remaining statements are *fund financial statements* that focus on individual parts of the School District, reporting the School 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 School District acts solely as a custodian for the benefit of others.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

Table A-1 summarizes the major features of the School District's financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

Table A-1 Major Features of the District-wide and Fund Financial Statements

	District-Wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as instruction, special education and building maintenance	Instances in which the School District administers resources on behalf of someone else
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities and deferred inflows of resources (if any), both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Statements

The District-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the School District's *net position* and how it has changed. Net position – the difference between the School District's assets, deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the School District's financial health or *position*.

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the School District, additional nonfinancial factors such as changes in the property tax bases and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differ from the governmental fund balance because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balance.

District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position.

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
 - Net investment in capital assets.
 - Restricted net position are those with constraints placed on use by external sources or imposed by law.
 - Unrestricted net position are net position that do not meet any of the above restrictions.

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can be readily 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 School 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. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund and the capital project fund. Required financial statements are the balance sheet and the statement of revenue, expenditures and changes in fund balances.
- **Fiduciary Fund:** The School District is the trustee, or fiduciary, for assets that belong to others. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table A-2

Condensed Statement of Net Position

	Fiscal Year 2021	Fiscal Year 2020	% Change (Incr.: - Decr.)
Assets			
Current and other assets	\$ 9,394,293	\$ 8,070,046	16.4%
Capital assets	<u>30,464,785</u>	<u>31,338,436</u>	-2.8%
Total Assets	39,859,078	39,408,482	1.1%
Deferred Outflows of Resources	15,029,777	16,946,705	-11.3%
Liabilities			
Current liabilities	1,187,836	4,390,090	-72.9%
Long-term liabilities	<u>49,546,848</u>	<u>62,983,813</u>	-21.3%
Total Liabilities	50,734,684	67,373,903	-24.7%
Deferred Inflows of Resources	11,265,855	8,837,404	27.5%
Net Position			
Net investment in capital assets	17,975,887	20,662,183	-13.0%
Restricted	3,557,422	2,025,796	75.6%
Unrestricted	<u>(28,644,993)</u>	<u>(42,544,099)</u>	32.7%
Total Net Position	<u><u>\$ (7,111,684)</u></u>	<u><u>\$ (19,856,120)</u></u>	64.2%

Changes in Net Position

The School District's 2021 revenue was \$25,516,281 (see Table A-3). Real property taxes and New York State aid accounted for the majority of revenue by contributing 25.4% and 52.5%, respectively, of the total revenue raised (see Table A-4). The remainder of revenue came from fees for services, use of money and property, operating grants and other miscellaneous sources.

The total cost of all programs and services totaled \$13,920,636 for 2021. These expenses (74.5%) are predominantly for the education, supervision and transportation of students (see Table A-5). The School District's administrative and business activities accounted for 19.7% of total costs.

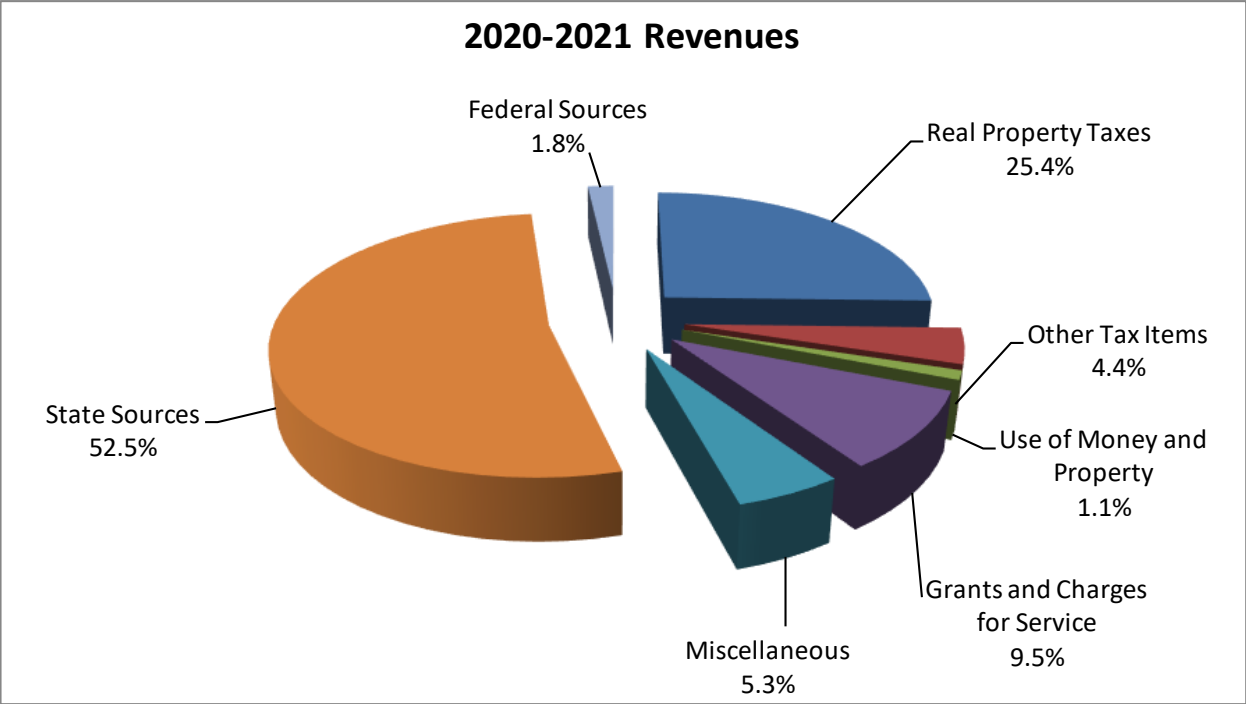
Net position increased during the year by \$11,595,645.

Table A-3

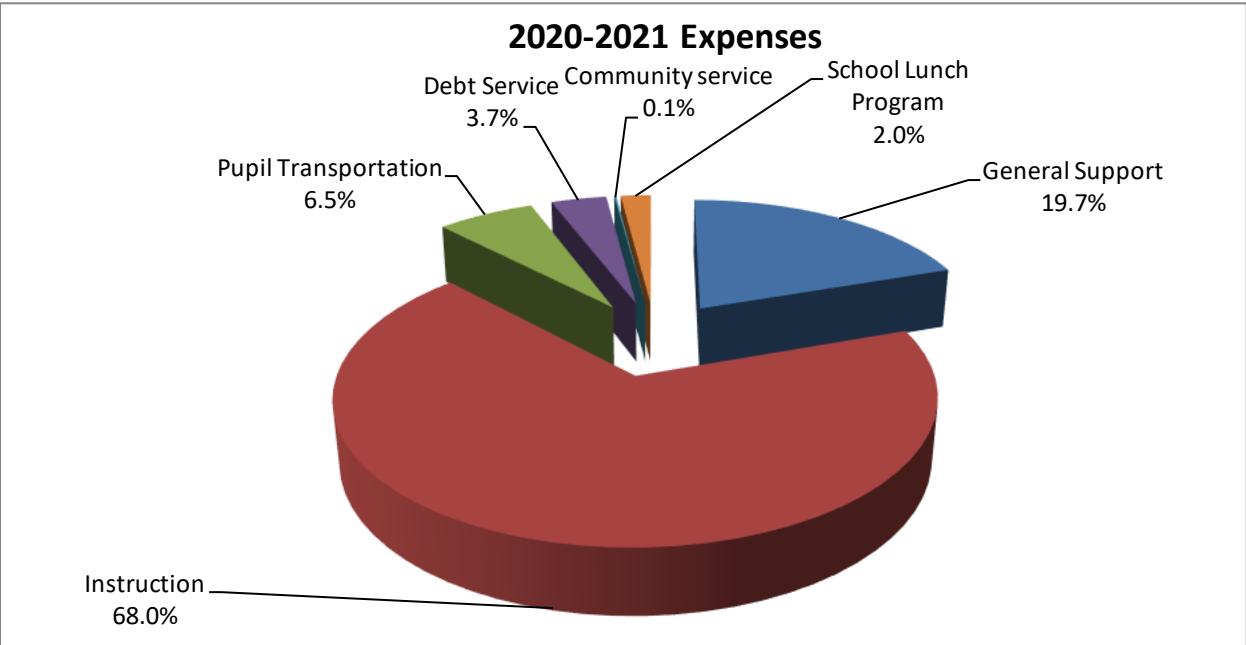
Changes in Net Position from Operating Results

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>	<u>% Change (Incr.: - Decr.)</u>
Revenues			
Program Revenues			
Charges for services	\$ 85,547	\$ 63,039	35.7%
Operating grants and contributions	2,347,058	2,009,097	16.8%
General Revenues			
Property taxes	7,605,065	7,420,807	2.5%
State formula aid	13,389,303	13,836,464	-3.2%
Federal sources	453,517	58,303	677.9%
Use of money and property	281,069	51,306	447.8%
Sale of property and compensation for loss	8,245	5,078	62.4%
Miscellaneous	1,346,477	413,383	225.7%
Total Revenues	<u>25,516,281</u>	<u>23,857,477</u>	7.0%
Expenses			
General support	2,744,908	4,667,765	-41.2%
Instruction	9,466,320	18,262,808	-48.2%
Transportation	899,718	2,068,979	-56.5%
Community service	18,010	0	100.0%
Debt service	513,310	310,183	65.5%
Cost of sales – Lunch Program	278,370	675,233	-58.8%
Total Expenses	<u>13,920,636</u>	<u>25,984,968</u>	-46.4%
Total Increase (Decrease) in Net Position	<u>\$ 11,595,645</u>	<u>\$ (2,127,491)</u>	645.0%

REVENUES – TABLE A-4



EXPENDITURES – TABLE A-5



Governmental Activities

Revenue for the School District’s governmental activities totaled \$25,516,281 while total expenses were \$13,920,636, therefore, net position increased by \$11,595,645.

Table A-6 presents the cost of several of the School District’s major activities. The table also shows each activity’s net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the School District’s taxpayers by each of these functions.

Table A-6

Net Cost of Governmental Activities

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2021	2020	Change (Incr.: -Decr.)	2021	2020	Change (Incr.: -Decr.)
General support	\$ 2,744,908	\$ 4,667,765	-41.2%	\$ 2,744,908	\$ 4,667,765	-41.2%
Instruction	9,466,320	18,262,808	-48.2%	7,553,526	16,672,447	-54.7%
Pupil transportation	899,718	2,068,979	-56.5%	899,718	2,068,979	-56.5%
Community service	18,010	0	100.0%	18,010	0	100.0%
Debt service - interest	513,310	310,183	65.5%	513,310	310,183	65.5%
Cost of sales - lunch program	278,370	675,233	-58.8%	(241,441)	193,458	-224.8%
Totals	\$ 13,920,636	\$25,984,968		\$ 11,488,031	\$23,912,832	

- The cost of all governmental activities for the year was \$13,920,636.
- The users of the School District’s programs financed \$85,547 of the costs.
- The federal and state government grants financed \$2,347,058.
- The majority of costs were financed by the School District’s taxpayers and state aid.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT’S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of \$7,394,001. The 2020-2021 increase in overall fund balance was \$4,441,946. Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The School District’s governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of presentation, governmental funds do not include long-term liabilities for the funds’ projects and capital assets purchased by the funds. Governmental funds will include proceeds from the issuance of debt, the current payments for capital assets and the current payments for debt, including the principal and interest payment.

General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the General Fund.

The General Fund is the only fund for which a budget is legally adopted.

	Results vs. Budget			
	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Fav; (Unfav)
REVENUES				
Local Sources	\$ 7,984,520	\$ 7,984,520	\$ 8,028,523	\$ 44,003
State Sources	13,945,409	13,945,409	12,917,286	(1,028,123)
Federal Sources	45,000	45,000	453,517	408,517
Total Revenues and Other Financing Sources	21,974,929	21,974,929	21,399,326	(575,603)
EXPENDITURES				
General Support	3,021,825	3,433,294	3,083,905	349,389
Instruction	10,470,150	10,818,972	10,295,398	523,574
Pupil Transportation	1,415,750	1,395,860	1,148,984	246,876
Community Services	0	17,310	18,010	(700)
Employee Benefits	5,217,500	4,617,174	4,435,157	182,017
Debt Service	2,265,700	2,387,730	2,005,665	382,065
Total Expenditures	22,390,925	22,670,340	20,987,119	1,683,221
OTHER USES				
Transfers Out	220,000	223,523	134,227	89,296
Total Expenditures and Other Uses	22,610,925	22,893,863	21,121,346	\$ 1,772,517
Revenues Over (Under) Expenditures and Other Uses	(635,996)	(918,934)	277,980	
Beginning Fund Balance	5,702,982	5,702,982	5,702,982	
Ending Fund Balance	\$ 5,066,986	\$ 4,784,048	\$ 5,980,962	

Revenue Variances

State Aid – received less than the budgeted amount of BOCES aid due to less expenses in the prior year and less Building Aid due to timing of the Capital Project closure and filings.

Federal Aid – received unanticipated Federal CARES Act ESSER and GEER Grant monies.

Expenditure Variances

Central Services – less than budgeted due to the SMART Schools Bond and movement of expenses to the Capital Fund.

Debt Services – less than budgeted due to the timing of the capital project closure and the corresponding debt payment.

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2021, the School District had \$30,464,785 (net of depreciation) invested in a broad range of capital assets including land, buildings, buses, athletic facilities, computers and other educational equipment.

Capital Assets

Table A-7

Capital Assets (Net of Depreciation)

	Fiscal Year 2021	Fiscal Year 2020
Land	\$ 391,626	\$ 391,626
Buildings	27,764,657	21,225,222
Improvements other than buildings	1,192,430	1,192,430
Construction in progress	100,000	7,904,582
Furniture and equipment	1,016,072	624,576
Totals	\$ 30,464,785	\$ 31,338,436

Long-Term Debt

As of June 30, 2021, the School District had \$47,611,959 in general obligation and other long-term debt outstanding. More detailed information about the School District's long-term debt is included in the notes to the basic financial statements.

Table A-8

Outstanding Long-Term Debt

	Fiscal Year 2021	Fiscal Year 2020
General obligation bonds (financed with property taxes)	\$ 12,045,000	\$ 10,143,575
Other debt	35,566,959	49,878,442
Totals	\$ 47,611,959	\$ 60,022,017

FACTORS BEARING ON THE DISTRICT'S FUTURE

As with every industry and business right now, the District has been greatly affected by the COVID-19 pandemic, along with the surrounding economy and community. As a small rural school district, the future is largely dependent on the fiscal status of New York State and the decision to fund or not fund public schools. State aid makes up almost 60% of the annual resources. Federal grant funds that have been given to the District will help offset pandemic costs and position the District for the future. Other contributing factors are the implementation of the tax levy cap that continues to impact the future potential of the District to raise adequate funds to close the gap between state aid revenue and expenditures. The continued addition of unfunded mandates such as the revised 3012-d APPR evaluation system, staff attendance records, and the Affordable Care Act requirements, redirect resources that were previously applied directly to students. We continue to manage these requirements through staff attrition, reducing expenditures, strategic use of our fund balance and established reserves. State aid must be distributed equitably if the District is to maintain the present educational offerings. An additional factor is the sale of the Beechnut Plant property for future economic development for the community and district. There has been some progress with this property but the loss of \$181,000 of tax revenue has been shifted to other taxpayers.

Enrollment is still declining. The graduating class was 71 students in June of 2020, while the kindergarten enrollment is 57 students. Since state aid is driven by enrollment, this may decrease state aid in the future. The impact of the tax levy cap over the long-term adds additional uncertainty to the fiscal picture. We will need to continue to refine and extend long range fiscal planning to mitigate future uncertainty.

Overall, the immediate future looks stable, but the restrictions, continued addition of mandates, the effects of COVID-19, and the possibility of aid cuts will make it difficult to continue providing a well-rounded education to our students.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Canajoharie Central School District
Nick Fitzgerald, Superintendent
136 Scholastic Way
Canajoharie, New York 13317

CANAJOHARIE CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2021

ASSETS	
Cash	
Unrestricted	\$ 811,475
Restricted	4,968,448
Receivables	
State and federal aid	2,466,992
Due from other governments	1,118,776
Other receivables	16,558
Inventories	12,044
Capital assets, net of depreciation	30,464,785
Total Assets	39,859,078
DEFERRED OUTFLOWS OF RESOURCES	
Other post-employment (health insurance) benefits	9,574,029
Pensions	5,455,748
Total Deferred Outflows of Resources	15,029,777
LIABILITIES	
Payables	
Accounts payable	857,752
Accrued liabilities	267,834
Overdraft payable	21,133
Unearned grant revenues	23,874
Due to fiduciary funds	16,705
Due to other governments	538
Long-term liabilities	
Due and payable within one year	
Due to Employees' Retirement System	101,212
Due to Teachers' Retirement System	711,244
Energy performance contract	155,000
Bonds payable	1,525,000
Due and payable after one year	
Energy performance contract	2,425,000
Bonds payable	7,940,000
Other post-employment benefits	35,507,808
Net pension liability - proportionate share	1,122,433
Compensated absences payable	59,151
Total Liabilities	50,734,684
DEFERRED INFLOWS OF RESOURCES	
Pensions	3,827,651
Other post-employment (health insurance) benefits	6,994,306
Deferred bond premium	443,898
Total Deferred Inflows of Resources	11,265,855
NET POSITION	
Net investment in capital assets	17,975,887
Restricted for:	
Employee benefit accrued liability reserve	58,298
Reserve for debt service	195,604
Capital reserve	641,961
Capital reserve - buses	463,758
Repair reserve	66,273
Retirement contribution reserve fund - ERS	1,856,427
Retirement contribution reserve fund - TRS	144,060
Unemployment insurance reserve	131,041
Unrestricted	(28,644,993)
Total Net Position	\$ (7,111,684)

See notes to basic financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2021

		Program Revenues		Net (Expense)
	Expenses	Charges for	Operating	Revenue and
		Services	Grants	Changes in
				Net Position
FUNCTIONS/PROGRAMS				
General support	\$ 2,744,908	\$ 0	\$ 0	\$ (2,744,908)
Instruction	9,466,320	(70,935)	(1,841,859)	(7,553,526)
Pupil transportation	899,718	0	0	(899,718)
Debt service	513,310	0	0	(513,310)
Community service	18,010	0	0	(18,010)
School lunch program	278,370	(14,612)	(505,199)	241,441
Total Functions and Programs	\$ 13,920,636	\$ (85,547)	\$ (2,347,058)	(11,488,031)
GENERAL REVENUES				
Real property taxes				6,485,451
Other tax items				1,119,614
Use of money and property				281,069
Sale of property and compensation for loss				8,245
Miscellaneous				1,346,477
State sources				13,389,303
Federal sources				453,517
Total General Revenues				23,083,676
CHANGE IN NET POSITION				11,595,645
TOTAL NET POSITION - BEGINNING OF YEAR, AS RESTATED				(18,707,329)
TOTAL NET POSITION - END OF YEAR				\$ (7,111,684)

See notes to basic financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2021

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Debt Service</u>	<u>Capital</u>	<u>CM Misc. Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash							
Unrestricted	\$ 788,319	\$ 0	\$ 15,609	\$ 0	\$ 7,547	\$ 0	\$ 811,475
Restricted	3,361,818	0	0	181,339	0	1,425,291	4,968,448
Due from other funds	1,651,986	0	0	14,265	0	0	1,666,251
State and federal aid receivable	542,044	1,549,083	94,603	0	281,262	0	2,466,992
Due from other governments	1,118,776	0	0	0	0	0	1,118,776
Other receivables	12,825	506	3,227	0	0	0	16,558
Inventories	0	0	12,044	0	0	0	12,044
TOTAL ASSETS	<u>\$ 7,475,768</u>	<u>\$ 1,549,589</u>	<u>\$ 125,483</u>	<u>\$ 195,604</u>	<u>\$ 288,809</u>	<u>\$ 1,425,291</u>	<u>\$ 11,060,544</u>
LIABILITIES							
Accounts payable	\$ 381,703	\$ 365,936	\$ 6,142	\$ 0	\$ 102,676	\$ 1,295	\$ 857,752
Accrued liabilities	266,745	0	1,089	0	0	0	267,834
Overdraft payable	0	21,133	0	0	0	0	21,133
Unearned revenue	17,197	3,227	3,450	0	0	0	23,874
Due to other funds	0	1,159,293	108,969	0	397,989	0	1,666,251
Due to fiduciary funds	16,705	0	0	0	0	0	16,705
Due to other governments	0	0	538	0	0	0	538
Due to Employees' Retirement System	101,212	0	0	0	0	0	101,212
Due to Teachers' Retirement System	711,244	0	0	0	0	0	711,244
Total Liabilities	<u>1,494,806</u>	<u>1,549,589</u>	<u>120,188</u>	<u>0</u>	<u>500,665</u>	<u>1,295</u>	<u>3,666,543</u>
FUND BALANCE							
Nonspendable							
Inventory	0	0	12,044	0	0	0	12,044
Restricted							
Employee benefit accrued liability reserve	58,298	0	0	0	0	0	58,298
Reserve for debt service	0	0	0	195,604	0	0	195,604
Capital reserve	641,961	0	0	0	0	0	641,961
Capital reserve - buses	463,758	0	0	0	0	0	463,758
Repair reserve	66,273	0	0	0	0	0	66,273
Retirement contribution reserve fund - ERS	1,856,427	0	0	0	0	0	1,856,427
Retirement contribution reserve fund - TRS	144,060	0	0	0	0	0	144,060
Unemployment insurance reserve	131,041	0	0	0	0	0	131,041
Assigned	535,479	0	0	0	0	1,423,996	1,959,475
Unassigned	2,083,665	0	(6,749)	0	(211,856)	0	1,865,060
Total Fund Balance	<u>5,980,962</u>	<u>0</u>	<u>5,295</u>	<u>195,604</u>	<u>(211,856)</u>	<u>1,423,996</u>	<u>7,394,001</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 7,475,768</u>	<u>\$ 1,549,589</u>	<u>\$ 125,483</u>	<u>\$ 195,604</u>	<u>\$ 288,809</u>	<u>\$ 1,425,291</u>	<u>\$ 11,060,544</u>

See notes to basic financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION

JUNE 30, 2021

Total balance - governmental funds balance sheet (page 15)	\$ 7,394,001
Add:	
Land, building and equipment, net of accumulated depreciation	30,464,785
Pensions	505,664
Total	<u>30,970,449</u>
Deduct:	
Compensated absences	59,151
Other post-employment (health insurance) benefits	32,928,085
Deferred bond premium	443,898
Energy performance contract	2,580,000
Long-term bonds payable	9,465,000
Total	<u>45,476,134</u>
NET POSITION, GOVERNMENTAL ACTIVITIES	<u><u>\$ (7,111,684)</u></u>

See notes to basic financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General	Special Aid	School Lunch	Debt Service	Capital	CM Misc. Special Revenue	Total Governmental Funds
REVENUES							
Real property taxes	\$ 6,485,451	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,485,451
Other tax items	1,119,614	0	0	0	0	0	1,119,614
Charges for services	70,935	0	0	0	0	0	70,935
Use of money and property	7,546	0	8	362	67	273,086	281,069
Sale of property and compensation for loss	8,245	0	0	0	0	0	8,245
Miscellaneous	336,732	0	26,787	746,684	17,780	218,494	1,346,477
State sources	12,917,286	1,187,889	16,556	0	472,017	0	14,593,748
Federal sources	453,517	653,970	460,709	0	0	0	1,568,196
Surplus food	0	0	27,934	0	0	0	27,934
Sales - school lunch	0	0	14,612	0	0	0	14,612
Total Revenues	21,399,326	1,841,859	546,606	747,046	489,864	491,580	25,516,281
EXPENDITURES							
General support	3,083,905	0	0	116,477	0	216,375	3,416,757
Instruction	10,295,398	1,807,649	0	0	0	0	12,103,047
Pupil transportation	1,148,984	1,340	0	0	0	0	1,150,324
Community service	18,010	0	0	0	0	0	18,010
Employee benefits	4,435,157	52,097	14,281	0	0	0	4,501,535
Debt service							
Principal	1,403,575	0	0	0	0	0	1,403,575
Interest	602,090	0	0	0	0	0	602,090
Cost of sales	0	0	534,254	0	0	0	534,254
Capital outlay	0	0	0	0	649,743	0	649,743
Total Expenditures	20,987,119	1,861,086	548,535	116,477	649,743	216,375	24,379,335
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	412,207	(19,227)	(1,929)	630,569	(159,879)	275,205	1,136,946
OTHER FINANCING SOURCES AND USES							
Proceeds from debt	0	0	0	0	3,305,000	0	3,305,000
Operating transfers in	0	19,227	15,000	0	730,207	0	764,434
Operating transfers (out)	(134,227)	0	0	(630,207)	0	0	(764,434)
Total Other Sources (Uses)	(134,227)	19,227	15,000	(630,207)	4,035,207	0	3,305,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND USES	277,980	0	13,071	362	3,875,328	275,205	4,441,946
FUND BALANCE - BEGINNING OF YEAR, AS RESTATED	5,702,982	0	(7,776)	195,242	(4,087,184)	1,148,791	2,952,055
FUND BALANCE - END OF YEAR	\$ 5,980,962	\$ 0	\$ 5,295	\$ 195,604	\$ (211,856)	\$ 1,423,996	\$ 7,394,001

See notes to basic financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2021

REVENUES - STATEMENT OF ACTIVITIES		\$ 25,516,281
EXPENDITURES	\$ 24,379,335	
Add:		
Depreciation	1,574,163	
Pensions	1,819,867	
	<u>3,394,030</u>	
Deduct:		
Change in fixed assets	700,512	
Amortization of bond premium	88,780	
Decrease in compensated absences	10,359	
Other post-employment (health insurance) benefits	11,649,503	
Principal payments of long-term debt (net)	1,403,575	
	<u>13,852,729</u>	
EXPENDITURES - STATEMENT OF ACTIVITIES		<u>13,920,636</u>
CHANGE IN NET POSITION		<u>\$ 11,595,645</u>

See notes to basic financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Due from governmental funds	\$ 16,705
NET POSITION	
Restricted for PTA Playground	\$ 1,777
Restricted for flex plan	14,928
Total Net Position	<u>\$ 16,705</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2021

ADDITIONS	
Gifts and contributions	\$ 44,081
Total Additions	44,081
DEDUCTIONS	
Flex plan expenditures	37,494
Total Deductions	37,494
CHANGE IN NET POSITION	6,587
NET POSITION - BEGINNING OF YEAR, AS RESTATED	10,118
NET POSITION - END OF YEAR	<u>\$ 16,705</u>

See notes to basic financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity

The Canajoharie 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 5 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 other organizational entities determined to be includable in the District's financial reporting entity. 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 an entity included in the District’s reporting entity.

i) The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found with these financial statements. The District accounts for these funds in the miscellaneous special revenue fund.

B. Joint Venture

The District is one of 15 component districts in the Hamilton, Fulton and Montgomery Counties Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

B. Joint Venture – (Continued)

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 also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, 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, the District was billed \$2,726,756 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued \$-0- of serial bonds on behalf of BOCES. As of year-end, the District had outstanding BOCES debt of \$-0-.

The District's share of BOCES aid amounted to \$1,066,998.

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

C. Basis of Presentation

1. 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 nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. 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.

2. Funds Statements

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

C. Basis of Presentation – (Continued)

2. Funds Statements – (Continued)

The District reports the following major governmental funds:

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

School Lunch Fund – This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted for expenditures of the school breakfast and lunch programs.

Special Aid Funds – These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Capital Projects Fund – These funds are used to account for financial resources used for acquisition, construction or major repair of capital facilities.

Debt Service Fund – This fund accounts for the accumulation of resources and the payment of principal and interest on long-term 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 the related bonds outstanding.

Miscellaneous Special Revenue Fund – Miscellaneous Special Revenue Fund is used to account for those revenues that are legally restricted to expenditures for a specific purpose.

The District reports the following fiduciary funds:

Custodial Fund – Fiduciary activities are those in which the District acts as custodian 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.

D. Measurement Focus and Basis of Accounting

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Measurement Focus and Basis of Accounting – (Continued)

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

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

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

E. Property Taxes

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

Uncollected real property taxes are subsequently enforced by the Counties of Montgomery and Schoharie. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

F. Restricted Resources

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

G. Interfund Transactions

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

G. Interfund Transactions – (Continued)

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.

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H. Estimates

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

I. Cash (and Cash Equivalents)/Investments

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

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

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and districts.

Investments are stated at fair value.

J. Accounts Receivable

Accounts receivable are shown 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.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

K. Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of 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 amount is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A reserve for these nonliquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

L. Capital Assets

Capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs, based on direct costing, standard costing or normal costing methods, were used. Donated assets are reported at estimated fair market 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:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 2,500	Straight-line	40
Building improvements	2,500	Straight-line	50
Furniture and equipment	2,500	Straight-line	20
Vehicles	2,500	Straight-line	10
Computer equipment	2,500	Straight-line	5

M. 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. The 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 three items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension 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 second is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Deferred Outflows and Inflows of Resources – (Continued)

In addition to liabilities, the Statement of Net Position or Balance Sheet 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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the District’s proportion of the collective net pension liability (ERS System) and net pension asset (TRS 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 revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The third item is related to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

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

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
District's proportionate share of the net pension asset (liability)	\$ (7,898)	\$ (1,114,535)
District’s portion of the Plan’s total net pension asset (liability)	0.0079315%	0.040334%
Change in proportion since the prior measurement date	(0.0003238)%	(0.002042)%

For the year ended June 30, 2021, the District recognized its proportionate share of pension expense of \$373,196 for ERS and \$624,787 for TRS. At June 30, 2021 the District’s reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were:

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Deferred Outflows and Inflows of Resources – (Continued)

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – (Continued)

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 19,031	\$ 976,556	\$ 0	\$ 57,118
Changes of assumptions	1,423,941	1,409,627	0	502,458
Net difference between projected and actual earnings on pension plan investments	0	727,889	3,194,326	0
Changes in proportion and differences between the District's contributions and proportionate share of contributions	33,628	139,077	29,204	44,545
District's contributions subsequent to the measurement date	101,212	624,787	0	0
Total	\$ 1,577,812	\$ 3,877,936	\$ 3,223,530	\$ 604,121

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset (liability) in the year ended March 31, 2022 for ERS and June 30, 2022 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:

	ERS	TRS
Year ended:		
2022	\$ (110,258)	\$ 894,715
2023	(35,849)	736,101
2024	(115,278)	464,181
2025	(436,733)	32,106
2026	0	69,484
Thereafter	0	0

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 valuations used the following actuarial assumptions:

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Deferred Outflows and Inflows of Resources – (Continued)

Actuarial Assumptions – (Continued)

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	5.9%	7.10%
Salary scale	4.4%	1.90% - 4.72%
Decrement tables	April 1, 2015- March 31, 2020 System's experience	July 1, 2009 – June 30, 2014 System's experience
Inflation rate	2.7%	2.20%
Projected cost of living adjustments	1.4%	1.3%

For ERS, annuitant mortality rates are based on April 1, 2015 through March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020. For TRS, annuitant mortality rates are based on July 1, 2009 through June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019.

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 through March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Deferred Outflows and Inflows of Resources – (Continued)

Actuarial Assumptions – (Continued)

Measurement date	<u>ERS</u> March 31, 2021	<u>TRS</u> June 30, 2020
<u>Asset type</u>		
Domestic equity	4.05%	7.1%
International equity	6.30	7.7
Global equities	0	7.4
Real estate	4.95	6.8
Domestic fixed income securities	0	1.8
Global fixed income securities	0	1.0
High-yield fixed income securities	0	3.9
Mortgages	0	3.6
Private debt	0	5.2
Credit	3.63	0
Private equity/alternative investments	6.75	10.4
Absolute return strategies	4.50	0
Opportunistic portfolio	4.50	0
Cash	0.50	0.7
Real assets	5.95	0

Discount Rate

The discount rate used to calculate the total pension asset (liability) was 5.9% 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 Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension 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) calculated using the discount rate of 5.9% 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 1 percentage point lower (4.9% for ERS and 6.10% for TRS) or 1 percentage point higher (6.9% for ERS and 8.10% for TRS) than the current rate:

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Deferred Outflows and Inflows of Resources – (Continued)

Sensitivity of the Proportionate Share of the Net Pension Asset (Liability) to the Discount Rate Assumption – (Continued)

<u>ERS</u>	<u>1% Decrease (4.9%)</u>	<u>Current Assumption (5.9%)</u>	<u>1% Increase (6.9%)</u>
District’s proportionate share of the net pension asset (liability)	\$ (2,192,099)	\$ (7,898)	\$ 2,006,447
	<u>1% Decrease (6.10%)</u>	<u>Current Assumption (7.10%)</u>	<u>1% Increase (8.10%)</u>
<u>TRS</u>			
District’s proportionate share of the net pension asset (liability)	\$ (7,040,133)	\$(1,114,535)	\$ 3,858,543

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset (liability) of the employers as of the respective valuation dates were as follows:

	(Dollars in thousands)		
	<u>ERS</u> March 31, 2021	<u>TRS</u> June 30, 2020	<u>Total</u>
Measurement date			
Employers’ total pension asset (liability)	\$(220,680,157)	\$(123,242,776)	\$(343,922,933)
Plan fiduciary net position asset (liability)	220,580,593	120,479,505	341,060,088
Employers’ net pension asset (liability)	(99,574)	(2,763,271)	(2,862,845)
Ratio of plan fiduciary net position to the employers’ total pension asset (liability)	99.95%	97.8%	99.17%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$101,212.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November, 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer’s contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amount to \$711,244.

Additional pension information can be found in Note 10.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N. Unearned Revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

O. Vested Employee Benefits

Compensated Absences

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

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

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

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

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

P. Other Benefits

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Q. Short-Term Debt

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

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

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

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

R. 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, other post-employment benefits payable, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

S. Equity Classifications

District-Wide Statements

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

i) 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 improvement of those assets.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

S. Equity Classifications – (Continued)

District-Wide Statements – (Continued)

ii) Restricted Net Position

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

iii) 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.

Funds Statements

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

1. Nonspendable

Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of \$12,044.

2. Restricted

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

Currently Utilized by the District:

Capital

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

S. Equity Classifications – (Continued)

Funds Statements – (Continued)

2. Restricted – (Continued)

Currently Utilized by the District: – (Continued)

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 made 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. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, must be used for payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Unemployment Insurance

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

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed reported 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 the 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. This reserve is accounted for in the General Fund under Restricted Fund Balance.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

S. Equity Classifications – (Continued)

Funds Statements – (Continued)

2. Restricted – (Continued)

Currently Utilized by the District: – (Continued)

Debt Service

According to General Municipal Law §6-1, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the Debt Service Fund.

3. Committed

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

4. Assigned

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

5. Unassigned

Includes all other General Fund amounts that do not meet the definitions 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 balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, a school district can retain to no more than 4% of the school district's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balances of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent years and encumbrances are also excluded from the 4% limitation.

Order of Use of Fund Balance

The Board has adopted Policy #5560 allowing establishment or removal of assignments of fund balance through Board resolution based on the recommendation of the Director of Finance or Superintendent of Schools. Policy #5560 further denotes the order of use of fund balance to be recommended to the Board of Education by the Director of Finance or Superintendent of Schools on an annual basis.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

T. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2021, the District implemented the following new standards issued by GASB:

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for the year ending June 30, 2021. This statement establishes criteria for identifying fiduciary activities.

GASB has issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for the year ending June 30, 2021. This statement requires the reporting of majority equity interests which meet the definition of an investment at fair value and requires the reporting of majority equity interests which do not meet the definition of an investment as a component unit.

GASB has issued Statement No. 92, *Omnibus 2020*, portions of the Statement are effective for the year ending June 30, 2021. The statement aims to improve the consistency of various authoritative accounting literature including items such as reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit OPEB plan, the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements, and measurement of liabilities related to asset retirement obligations (AROs) in a government acquisition.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates*, effective for the year ending June 30, 2021. This statement addresses accounting and financial reporting implications that result from the replacement of an Interbank Offered Rates (IBOR).

U. Future Changes in Accounting Standards

GASB has issued Statement No. 87, *Leases*, effective for the year ending June 30, 2022. This statement requires the recognition of certain lease assets and liabilities for leases previously classified as operating leases along with recognition of inflows and outflows of resources, as appropriate.

GASB has issued Statement No. 89, *Accounting Interest Cost Incurred before the End of a Construction Period*, effective for the year ending June 30, 2022. This statement requires that interest cost incurred during construction be expensed in that period rather than being included in the cost of the capital asset.

GASB has issued Statement No. 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2023. This statement provides a single method of reporting conduit debt obligations by issuers.

GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending June 30, 2023. This statement improves the financial reporting related to Public-Private and Public-Public Partnerships to provide services.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

U. Future Changes in Accounting Standards – (Continued)

GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023. This statement requires the recognition of a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability for subscription-based information technology arrangements for government end users.

GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, portions of the statement are effective for the year ending June 30, 2022. This statement increases consistency and comparability related to the reporting of fiduciary component units which do not have a governing board.

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

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

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

A. Total Fund Balance of Governmental Funds vs. Net Position of Governmental Activities

Total fund balance 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 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 and other post-employment benefits.

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

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

i) Long-Term Revenue and Expense Differences

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS – (CONTINUED)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities – (Continued)

ii) Capital Related Differences

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

iii) Long-Term Debt Transaction Differences

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

iv) Pension Differences

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

v) OPEB Differences

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

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Procedures and Budgetary Accounting

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

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

Appropriations are adopted at the program line item level.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – (CONTINUED)

Budgetary Procedures and Budgetary Accounting – (Continued)

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

Donations	\$ <u>89,869</u>
Total	\$ <u>89,869</u>

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

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

Encumbrances

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

Unreserved Undesignated General Fund Balance

The portion of the District’s fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District’s budget for the upcoming school year.

Deficit Fund Balance

Capital Fund:

The Capital Fund has a deficit fund balance of \$211,856. This deficit will be eliminated when permanent financing is obtained.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 – CASH (AND CASH EQUIVALENTS) – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

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

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

Uncollateralized	\$	0
Collateralized with securities held by the pledging financial institution, or its trust department or agency, but not in the District’s name		4,034,322

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$4,968,448 within the governmental funds and \$-0- in the fiduciary funds.

NOTE 5 – INVESTMENTS

The District has few investments (primarily donated scholarship funds) and chooses to disclose its investments by specifically identifying each. The District’s investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value and are categorized as either:

- a. Insured or registered, or investments held by the District or by the District’s agent in the District’s name, or
- b. Uninsured and unregistered, with the investments held by the financial institution’s trust department in the District’s name, or
- c. Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the District’s name.

Investment

<u>Fund</u>	<u>CM Misc. Special Revenue Fund</u>	<u>CM Misc. Special Revenue Fund</u>
Carrying amount (fair value)	\$ 1,119	\$ 1,254,732
Unrealized investment gain/loss	0	Unknown
Type of investment	Money Market	Mutual Funds
Category of investment	C	C

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 391,626	\$ 0	\$ 0	\$ 391,626
Construction in process	7,904,582	165,724	7,970,306	100,000
Total nondepreciable historical cost	8,296,208	165,724	7,970,306	491,626
Capital assets that are depreciated:				
Buildings	42,382,042	8,029,921	0	50,411,963
Improvements other than buildings	1,192,430	0	0	1,192,430
Furniture and equipment	4,039,340	475,173	0	4,514,513
Total depreciable historical cost	47,613,812	8,505,094	0	56,118,906
Less accumulated depreciation:				
Buildings	21,156,820	1,490,486	0	22,647,306
Furniture and equipment	3,414,764	83,677	0	3,498,441
Total accumulated depreciation	24,571,584	1,574,163	0	26,145,747
Net depreciable historical cost	23,042,228	6,930,931	0	29,973,159
GRAND TOTAL - NET	\$ 31,338,436	\$ 7,096,655	\$ 7,970,306	\$ 30,464,785

Depreciation was allocated to the following programs as follows:

General support	\$ 287,494
Instruction	1,128,294
Pupil transportation	107,238
School lunch program	51,137
TOTAL	\$ 1,574,163

NOTE 7 – SHORT-TERM DEBT

Interest paid on short-term debt for the year was \$122,030.

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

	Beginning Balance	Issued	Redeemed	Ending Balance
BAN maturing 7/8/2020, 2.0%	\$ 3,787,152	\$ 0	\$ 3,787,152	\$ 0

CANAJOHARIE CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 – LONG-TERM DEBT

Interest paid on long-term debt was comprised of:

Interest paid	\$ 602,090
Less amortization of bond premium	(88,780)
Total expense	<u>\$ 513,310</u>

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Serial bond payable	\$ 7,470,000	\$ 3,305,000	\$ 1,310,000	\$ 9,465,000	\$ 1,525,000
Energy Performance Contract	2,673,575	0	93,575	2,580,000	155,000
Other liabilities:					
Other post-employment benefits	49,808,932	0	14,301,124	35,507,808	0
Compensated absences, net	69,510	0	10,359	59,151	0
Total long-term liabilities	<u>\$ 60,022,017</u>	<u>\$ 3,305,000</u>	<u>\$ 15,715,058</u>	<u>\$ 47,611,959</u>	<u>\$ 1,680,000</u>

The current portion (amount due within one year) of other liabilities as of June 30, 2021, was not determinable.

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

<u>Description of Issue</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2021</u>
High School Construction	11/1/2012	6/1/2026	2-5%	\$ 2,955,000
Bus Garage	9/25/2014	6/15/2031	2-3.5%	910,000
Districtwide Renovations	6/16/2021	6/15/2036	4-5%	3,305,000
2016 Refunding	5/27/2016	6/15/2025	2-5%	2,295,000
TOTAL				<u>\$ 9,465,000</u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30,			
2022	\$ 1,525,000	\$ 479,613	\$ 2,004,613
2023	1,570,000	363,313	1,933,313
2024	1,640,000	293,038	1,933,038
2025	905,000	215,200	1,120,200
2026	940,000	173,125	1,113,125
2027 - 2031	1,640,000	501,750	2,141,750
2032 - 2037	1,245,000	145,850	1,390,850
Totals	<u>\$ 9,465,000</u>	<u>\$ 2,171,889</u>	<u>\$ 11,636,889</u>

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 – LONG-TERM DEBT – (CONTINUED)

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.

The District finalized an energy performance contract during the year ended June 30, 2020. The contract is defined in Section 9-102(4) of the New York State Energy Law as: "an agreement for the provision of energy services, including but not limited to electricity, heating, ventilation, cooling, steam, or hot water, in which a person agrees to install, maintain, or manage energy systems or equipment to improve the energy efficiency of, or produce energy in connection with a building or facility in exchange for a portion of the energy savings or revenues." The contract is accounted for as a capital lease. Principal and interest payments due on the energy performance contract are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30,			
2022	\$ 155,000	\$ 71,414	\$ 226,414
2023	160,000	67,124	227,124
2024	160,000	62,695	222,695
2025	165,000	58,266	223,266
2026	170,000	53,699	223,699
2027 - 2031	925,000	195,144	1,120,144
2032 - 2036	845,000	59,375	904,375
Totals	<u>\$ 2,580,000</u>	<u>\$ 567,717</u>	<u>\$ 3,147,717</u>

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 1,651,986	\$ 16,705	\$ 0	\$ 134,227
Special Aid Funds	0	1,159,293	19,227	0
School Lunch Fund	0	108,969	15,000	0
Debt Service Fund	14,265	0	0	630,207
Capital Projects Fund	0	397,989	730,207	0
Total Governmental Activities	1,666,251	1,682,956	764,434	764,434
Custodial Fund	16,705	0	0	0
TOTALS	<u>\$ 1,682,956</u>	<u>\$ 1,682,956</u>	<u>\$ 764,434</u>	<u>\$ 764,434</u>

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

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

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 – PENSION PLANS

General Information

The District participates in the New York State Employees' Retirement System (NYSERS) and the New York State Teachers' Retirement System (NYSTRS). 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.

Plan Descriptions and Benefits Provided:

Teachers' Retirement System (TRS)

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

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The New York State Retirement and Social Security Law (NYSRSSL) govern obligations of employers and employees to contribute, and benefits to employees. 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 may be obtained by writing to the New York State and Local Employees' Retirement System, Office of the State Comptroller, 110 State Street, Albany, NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 – PENSION PLANS – (CONTINUED)

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 3.0% 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. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

The District is required to contribute at a rate determined actuarially by the Systems. The District contributions made to the Systems were equal to 100% of the contributions required for each year. Required contributions for the current and two preceding years were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2021	\$ 624,787	\$ 373,196
2020	645,786	361,507
2019	663,173	324,741

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57 and 105.

Additional pension information can be found on Note 1 M.

NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information About the OPEB Plan:

Plan Description

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

Funding Policy

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collected bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis.

Benefits Provided

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	130
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>156</u>
Total	<u><u>286</u></u>

Net OPEB Liability:

The District’s total OPEB liability of \$35,507,808 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions and Other Inputs

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

Inflation	2.5%
Salary Increases	Varied by years of service and retirement system
Discount Rate	2.16%
Healthcare Cost Trend Rates	5.70% for 2021, decreasing to an ultimate rate of 4.04% by 2075

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

Mortality rates were based on Pub-2010 Headcount-Weighted table (Teachers for TRS group and General Employees for ERS group) projected fully generationally using MP-2020.

Changes in the Total OPEB Liability:

Balance at June 30, 2020	\$ 49,808,932
Changes for the year:	
Service cost	1,917,766
Interest	1,135,584
Changes in benefit terms	(14,670,295)
Differences between expected and actual experience	(363,994)
Changes in assumptions or other inputs	(1,630,835)
Benefit payments	<u>(689,350)</u>
Net changes	<u>(14,301,124)</u>
Balance at June 30, 2021	<u><u>\$ 35,507,808</u></u>

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

Changes in the Total OPEB Liability: – (Continued)

Assumption changes for this fiscal year were as follows:

- A change in the discount rate from 2.21% in 2020 to 2.16% in 2021.
- Mortality rates were updated from MP-2019 to MP-2020.
- Health care trend rates were updated as follows:
 - Medical and prescription drug rate trends have been updated from 2018 Getzen to 2020 Getzen model.
 - Medicare Part B trend rates have been updated to an initial rate of 2.70% in 2020, following by projected Part B premium increase shown in the 2020 Medicare Trustees report, decreasing gradually to an ultimate rate of 4.04% by 2075
- Salary scale, termination and retirement rates have been updated based on NYS ERS assumptions first adopted on April 1, 2020.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 42,809,493	\$ 35,507,808	\$ 29,818,526

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

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.7% decreasing to 3.04%) or 1 percentage point higher (6.7% decreasing to 5.04%) than the current healthcare cost trend rate:

	<u>1% Decrease</u> <u>(4.7%</u> <u>Decreasing</u> <u>to 3.04%)</u>	<u>Healthcare</u> <u>Cost Trend Rates</u> <u>(5.7%</u> <u>Decreasing</u> <u>to 4.04%)</u>	<u>1% Increase</u> <u>(6.7%</u> <u>Decreasing</u> <u>to 5.04%)</u>
Total OPEB Liability	\$ 29,093,678	\$ 35,507,808	\$ 44,073,632

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

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

For the year ended June 30, 2021, the District recognized negative OPEB expense of \$(11,649,503). At June 30, 2021, 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	\$ 2,777,528	\$ 303,328
Changes of assumptions or other inputs	<u>6,796,501</u>	<u>6,690,978</u>
Total	<u>\$ 9,574,029</u>	<u>\$ 6,994,306</u>

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

Fiscal Year Ending June 30:

2022	\$ 656,792
2023	656,792
2024	656,792
2025	941,816
2026	(332,469)
Thereafter	<u>0</u>
Total	<u>\$ 2,579,723</u>

NOTE 12 – RISK MANAGEMENT

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. The 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.

Consortiums and Self-Insured Plans

The District participates in Fulmont Workers Compensation Plan, a risk-sharing pool to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to finance liability and risks related to Workers' Compensation claims. The District's share of the liability for unbilled and open claims is \$197,458.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Federal and State Grants

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

Operating Leases

The District leases buses under operating lease agreements which run for five years. Total rental expenditures on such leases for the year ended June 30, 2021 were \$243,516. The future minimum noncancelable operating lease payments are as follows:

2022	\$ 249,051
2023	198,684
2024	109,452
2025	109,452
2026	57,783

NOTE 14 – FAIR VALUE MEASUREMENTS

As required by GASB 72 *Fair Value Measurements*, the District is required to value investment securities based on the valuation measurement techniques and hierarchy established by the FASB ASC.

There are three general valuation techniques that may be used to measure fair value, as described below:

- (A) Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets. Prices may be indicated by pricing guides, sales transactions, market trades or other sources.
- (B) Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
- (C) Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Fair values of assets measured on a recurring basis at June 30, 2021, are as follows:

Fair Value Measurements Using

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Trading securities	\$ 1,255,851	\$ 1,255,851	\$ 0	\$ 0

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 15 – TAX ABATEMENTS

The County of Montgomery enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The School District's property tax revenue was reduced \$52,334. The District received Payment in Lieu of Tax (PILOT) payment totaling \$28,629.

NOTE 16 – RESTATEMENT OF NET POSITION

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. The implementation of Statement No. 84 results in the reporting of the criteria for identifying fiduciary activities. The District's net position has been restated as follows:

	CM - Misc. Special Revenue	Government-wide Statement of Net Position	Custodial Fund
Fund Balance/Net Position, beginning of year as previously stated	\$ 0	\$ (19,856,120)	\$ 0
GASB Statement No. 84 implementation:			
Extraclassroom activity fund balances previously recorded as a liability in the former Trust & Agency Fund	74,429	74,429	0
Playground balances previously recorded as a liability in the former Trust & Agency Fund	0	0	1,777
Flex plan balances previously recorded as a liability in the former Trust & Agency Fund	0	0	8,341
Scholarship funds previously recorded in Private Purpose Trust Funds (Fiduciary Fund)	1,074,362	1,074,362	0
Fund Balance/Net Position, beginning of year as restated	\$ 1,148,791	\$ (18,707,329)	\$ 10,118

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the issuance date of the of the audit report. There were no issues to report that would have a material effect on the financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual Revenues	Final Budget Variance with Budgetary Actual Over (Under)
REVENUES:				
Local Sources				
Real property taxes	\$ 6,487,745	\$ 6,487,745	\$ 6,485,451	\$ (2,294)
Real property tax items	1,116,775	1,116,775	1,119,614	2,839
Charges for services	71,000	71,000	70,935	(65)
Use of money and property	26,500	26,500	7,546	(18,954)
Sale of property and compensation for loss	1,200	1,200	8,245	7,045
Miscellaneous	281,300	281,300	336,732	55,432
Total Local Sources	7,984,520	7,984,520	8,028,523	44,003
State Sources	13,945,409	13,945,409	12,917,286	(1,028,123)
Federal Sources	45,000	45,000	453,517	408,517
Total Revenues	21,974,929	21,974,929	21,399,326	\$ (575,603)

See paragraph on supplementary schedules included in independent auditors' report.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance With Budgetary Actual and Encumbrances (Over) Under</u>
EXPENDITURES					
General Support					
Board of Education	18,400	18,400	15,059	\$ 0	\$ 3,341
Central administration	205,200	205,426	203,190	0	2,236
Finance	341,100	327,100	321,274	0	5,826
Staff	130,325	132,325	117,644	0	14,681
Central services	1,981,800	2,401,843	2,090,288	71,343	240,212
Special items	345,000	348,200	336,450	0	11,750
Instructional					
Instruction, administration and improvements	573,790	600,244	574,407	336	25,501
Teaching – regular school	6,275,677	6,516,892	6,323,963	9,293	183,636
Programs for children with handicapping conditions	2,283,933	2,254,339	2,145,835	0	108,504
Occupational education	230,000	296,000	295,625	0	375
Teaching - special school	3,000	3,000	0	0	3,000
Instructional media	351,500	444,469	400,981	11,850	31,638
Pupil services	752,250	704,028	554,587	4,691	144,750
Pupil Transportation	1,415,750	1,395,860	1,148,984	88,961	157,915
Community Services	0	17,310	18,010	0	(700)
Employee Benefits	5,217,500	4,617,174	4,435,157	0	182,017
Debt Service	2,265,700	2,387,730	2,005,665	0	382,065
Total Expenditures	22,390,925	22,670,340	20,987,119	186,474	1,496,747
Other Financing Uses					
Transfers to other funds	220,000	223,523	134,227	0	89,296
Total Expenditures and Other Uses	22,610,925	22,893,863	21,121,346	\$ 186,474	\$ 1,586,043
NET CHANGE IN FUND BALANCE	(635,996)	(918,934)	277,980		
FUND BALANCE – BEGINNING	5,702,982	5,702,982	5,702,982		
FUND BALANCE – ENDING	\$ 5,066,986	\$ 4,784,048	\$ 5,980,962		

See paragraph on supplementary schedules included in independent auditors' report.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF FUNDING PROGRESS – CHANGES IN TOTAL OTHER POST-EMPLOYMENT
BENEFITS LIABILITY AND RELATED RATIOS**

FOR THE YEARS ENDED JUNE 30, 2021, 2020, 2019 AND 2018

Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability				
Service cost	\$ 1,917,766	\$ 1,230,562	\$ 788,745	\$ 823,968
Interest	1,135,584	1,360,909	1,555,723	1,440,022
Change of benefit terms	(14,670,295)	0	0	0
Differences between expected and actual experience	(363,994)	97,531	4,746,885	0
Change of assumptions or other inputs	(1,630,835)	10,194,753	(7,798,797)	(2,036,010)
Benefit payments	(689,350)	(1,222,632)	(1,100,674)	(992,246)
Net change in total OPEB liability	(14,301,124)	11,661,123	(1,808,118)	(764,266)
Total OPEB Liability - beginning	49,808,932	38,147,809	39,955,927	40,720,193
Total OPEB Liability - ending	<u>\$ 35,507,808</u>	<u>\$ 49,808,932</u>	<u>\$ 38,147,809</u>	<u>\$ 39,955,927</u>
Covered-employee payroll	\$ 9,370,248	\$ 9,019,516	\$ 8,787,293	\$ 9,033,312
Total OPEB liability as a percentage of covered-employee payroll	378.94%	552.24%	434.12%	442.32%
Plan's fiduciary net position	\$ 0	\$ 0	\$ 0	\$ 0
Net OPEB Liability	\$ 35,507,808	\$ 49,808,932	\$ 38,147,809	\$ 39,955,927

See paragraph on supplementary schedules included in independent auditors' report.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

FOR THE YEARS ENDED JUNE 30, 2021, 2020, 2019, 2018, 2017, 2016 AND 2015

NYS Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.0079315%	0.0082553%	0.0081192%	0.0081894%	0.0074898%	0.0075956%	0.0070611%
District's proportionate share of the net pension liability (asset)	\$ 7,898	\$ 2,186,044	\$ 575,268	\$ 264,309	\$ 703,762	\$ 1,219,119	\$ 238,542
District's covered-employee payroll	2,513,849	2,475,049	2,339,931	2,293,472	2,056,733	1,935,179	1,875,972
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.3%	88.3%	24.6%	11.5%	34.2%	63.0%	12.7%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

NYS Teachers' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.040334%	0.042376%	0.041901%	0.042776%	0.042601%	0.042691%	0.041638%
District's proportionate share of the net pension liability (asset)	\$ 1,114,535	\$ (1,100,940)	\$ (757,679)	\$ (325,140)	\$ 456,270	\$ (4,434,230)	\$ (4,638,247)
District's covered-employee payroll	7,270,658	7,203,780	7,422,592	7,248,551	6,851,624	6,765,731	6,692,704
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	15.3%	15.3%	10.2%	4.5%	6.7%	65.5%	69.3%
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.80%	102.20%	101.53%	100.70%	99.00%	110.50%	111.48%

See paragraph on supplementary schedules included in independent auditors' report.

CANAJOHARIE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS

FOR THE YEARS ENDED JUNE 30, 2021, 2020, 2019, 2018, 2017, 2016 AND 2015

NYS Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 361,261	\$ 366,085	\$ 324,741	\$ 334,952	\$ 322,572	\$ 305,246	\$ 321,021
Contributions in relation to the contractually required contribution	<u>361,261</u>	<u>366,085</u>	<u>324,741</u>	<u>334,952</u>	<u>322,572</u>	<u>305,246</u>	<u>321,021</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 2,513,849	\$ 2,475,049	\$ 2,339,931	\$ 2,293,472	\$ 2,056,733	\$ 1,935,179	\$ 1,875,972
Contribution as a percentage of covered-employee payroll	14.37%	14.79%	13.88%	14.60%	15.68%	15.77%	17.11%

NYS Teachers' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 692,894	\$ 638,255	\$ 788,279	\$ 710,358	\$ 803,010	\$ 897,136	\$ 1,173,231
Contributions in relation to the contractually required contribution	<u>692,894</u>	<u>638,255</u>	<u>788,279</u>	<u>710,358</u>	<u>803,010</u>	<u>897,136</u>	<u>1,173,231</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 7,270,658	\$ 7,203,780	\$ 7,422,592	\$ 7,248,551	\$ 6,851,624	\$ 6,765,731	\$ 6,692,704
Contribution as a percentage of covered-employee payroll	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

See paragraph on supplementary schedules included in independent auditors' report.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET –
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2021

ADOPTED BUDGET	\$ 22,610,925
ADDITIONS:	
Prior year's encumbrances	193,069
Donation	89,869
	<hr/>
FINAL BUDGET	<u><u>\$ 22,893,863</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

FOR THE YEAR ENDED JUNE 30, 2021

2021-2022 voter-approved expenditure budget	\$ 23,125,725
Maximum allowed (4% of 2021-2022 budget)	925,029
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	535,479
Unassigned fund balance	2,083,665
	<hr/>
Total unrestricted fund balance	2,619,144
Less:	
Appropriated fund balance and encumbrances	535,479
	<hr/>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 2,083,665</u></u>
Actual percentage	9.0%

See paragraph on supplementary schedules included in independent auditors' report.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES

FOR THE YEAR ENDED JUNE 30, 2021

Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing					Fund Balances	
			Prior Year	Current Year	Total		State Aid	Local Sources	Premium on Obligations	BANS Redeemed with Appropriations	Proceeds of Obligations		Total
District-wide renovations	\$ 4,986,750	\$ 4,986,750	\$ 4,956,064	\$ 65,724	\$ 5,021,788	\$ (35,038)	\$ 38,543	\$ 1,453,398	\$ 12,991	\$ 0	\$ 3,305,000	\$ 4,809,932	\$ (211,856)
Energy performance contract	2,673,575	2,673,575	2,623,030	50,545	2,673,575	0	0	0	0	0	2,673,575	2,673,575	0
Smart Schools Bond Act	388,560	388,560	227,682	433,474	661,156	(272,596)	661,156	0	0	0	0	661,156	0
Capital outlay project	100,000	100,000	0	100,000	100,000	0	0	100,000	0	0	0	100,000	0
TOTALS	\$ 8,148,885	\$ 8,148,885	\$ 7,806,776	\$ 649,743	\$ 8,456,519	\$ (307,634)	\$ 699,699	\$ 1,553,398	\$ 12,991	\$ 0	\$ 5,978,575	\$ 8,244,663	\$ (211,856)

See paragraph on supplementary schedules included in independent auditors' report.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

NET INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED JUNE 30, 2021

CAPITAL ASSETS, NET		\$ 30,464,785
DEDUCT:		
Deferred bond premium	\$ 443,898	
Short-term portion of energy performance contract	155,000	
Long-term portion of energy performance contract	2,425,000	
Short-term portion of bonds payable	1,525,000	
Long-term portion of bonds payable	<u>7,940,000</u>	
		<u>12,488,898</u>
NET INVESTMENT IN CAPITAL ASSETS		<u>\$ 17,975,887</u>

See paragraph on supplementary schedules included in independent auditors' report.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

**FEDERAL AWARD PROGRAM INFORMATION
(SINGLE AUDIT)**

(UNIFORM GUIDANCE)

JUNE 30, 2021



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

To the President and the Other Members
of the Board of Education of the
Canajoharie Central School District
Canajoharie, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Canajoharie Central School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 9, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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.

WEST & COMPANY CPAs PC

Gloversville, New York
September 9, 2021



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

To the President and the Other Members
of the Board of Education of the
Canajoharie Central School District
Canajoharie, New York

Report on Compliance for Each Major Federal Program

We have audited Canajoharie Central School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of Canajoharie Central School District's major federal programs for the year ended June 30, 2021. Canajoharie Central School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Canajoharie Central School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulation 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 Canajoharie Central School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Canajoharie 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 Canajoharie Central School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance 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 Canajoharie Central School District's internal control over compliance.

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

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

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

WEST & COMPANY CPAs PC

Gloversville, New York
September 9, 2021

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

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Project Number	Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through NYS Education Department:			
Special Education Cluster:			
Special Education - Grants to States	84.027	0032210397	\$ 220,970
Special Education - Preschool Grants	84.173	0033210397	<u>3,312</u>
Total Special Education Cluster			224,282
Title I Grants to Local Educational Agencies	84.010	0021201425	200
Title I Grants to Local Educational Agencies	84.010	0021211425	<u>371,529</u>
Total Title I Grants to Local Educational Agencies			371,729
Improving Teacher Quality State Grants	84.367	0147201425	2,147
Improving Teacher Quality State Grants	84.367	0147211425	<u>19,581</u>
Total Improving Teacher Quality State Grants			21,728
Rural Education	84.358	0006201425	7,072
Elementary and Secondary School Emergency Relief Fund - CARES	84.425D	5890211425	353,697
Governor's Emergency Education Relief Fund - CARES	84.425C	5895211425	<u>59,946</u>
Total Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act			413,643
Student Support and Academic Enrichment Program	84.424	0204211425	<u>29,159</u>
Total U.S. Department of Education			<u>1,067,613</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through NYS Education Department:			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution) National School Lunch Program	10.555	Not Applicable	27,934
Cash Assistance Summer Food Service Program for Children - CARES	10.559	Not Applicable	<u>460,709</u>
Total Child Nutrition Cluster			<u>488,643</u>
Total U.S. Department of Agriculture			<u>488,643</u>
TOTAL FEDERAL AWARDS EXPENDED			<u><u>\$ 1,556,256</u></u>

See notes to schedule of expenditures of federal awards.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards 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. 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 is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

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

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program 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.

NOTE 2 – SUBRECIPIENTS

No amounts were provided to subrecipients.

NOTE 3 – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. At June 30, 2021, the District had food commodities totaling \$5,836 in inventory.

NOTE 4 – INDIRECT 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. Certain of the District's federal award programs have been charged with indirect costs, based upon the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. There is no other indirect cost allocation plan in effect.

NOTE 5 – CLUSTERS

The special education cluster consists of Special Education - Grants to States and Special Education - Preschool Grants.

The child nutrition cluster consists of food distribution, School Breakfast Program, National School Lunch Program and Summer Food Service Program for Children.

CANAJOHARIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

1. Type of auditors' report issued: unmodified
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? ___Yes XNo
 - b. Significant deficiency(ies) identified? ___Yes XNo
3. Noncompliance material to financial statements noted? ___Yes XNo

Federal Awards

1. Internal control over major programs:
 - a. Material weakness(es) identified? ___Yes XNo
 - b. Significant deficiency(ies) identified? ___Yes XNo
2. Type of auditors' report issued on compliance for major programs: unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516? ___Yes XNo
4. Identification of major programs:

CFDA Number

Name of Federal Program

10.555
10.559

National School Lunch program
Summer Food Service Program for Children – CARES

5. Dollar threshold used to distinguish between type A and B programs: \$750,000
6. Auditee qualified as low-risk auditee? XYes ___No

B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

EXTRACLASSROOM ACTIVITY FUNDS

JUNE 30, 2021



INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Canajoharie Central School District
Canajoharie, New York

We have audited the accompanying statement of assets and liabilities arising from cash transactions of the Extraclassroom Activity Funds of Canajoharie Central School District as of June 30, 2021, and the related statement of revenues collected and expenses paid for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion

Insufficient accounting controls are exercised over cash receipts at the point of collections to the time of submission to the Central Treasurer. Accordingly, it was impracticable to extend our audit of such receipts beyond the amounts recorded.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Extraclassroom Activity Funds of the Canajoharie Central School District as of June 30, 2021, and the revenues collected and expenses paid for the year then ended, on the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

WEST & COMPANY CPAs PC

Gloversville, New York
September 9, 2021

CANAJOHARIE CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

JUNE 30, 2021

ASSETS	
Cash	\$ 78,257
TOTAL ASSETS	<u>\$ 78,257</u>
LIABILITIES AND CLUB BALANCES	
Liabilities	\$ 1,497
Club balances	76,760
TOTAL LIABILITIES AND CLUB BALANCES	<u>\$ 78,257</u>

See notes to financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID

FOR THE YEAR ENDED JUNE 30, 2021

	Balance July 1, 2020	Receipts	Disbursements	Balance June 30, 2021
Class of 2021	\$ 1,872	\$ 5,488	\$ 7,360	\$ 0
Class of 2022	4,155	17,556	14,336	7,375
Class of 2023	1,817	264	0	2,081
Class of 2024	0	340	0	340
Class Composite Pictures	750	0	750	0
Athletic Association	4,051	0	0	4,051
CSI Club	355	0	0	355
Life Skills Club	758	106	187	677
Black and Gold Yearbook	4,495	7,434	6,747	5,182
Varsity Girls' Softball	25	0	0	25
Band and Orchestra	2,758	1,046	0	3,804
Handbell Choir	634	144	184	594
Varsity Track and Field	159	0	0	159
Choir	1,377	0	0	1,377
Swim Club	571	585	877	279
Cheerleaders	254	0	0	254
Wrestling	2,178	0	0	2,178
Boys' Soccer	740	0	0	740
Middle School National Honor Society	1,177	871	70	1,978
High School National Honor Society	25	669	684	10
Ski Club	102	0	0	102
Middle School Student Council	1,962	7	0	1,969
High School Student Council	6,091	3,750	2,254	7,587
Boys' Basketball	798	25	0	823
Girls' Basketball	2,542	0	0	2,542
Girls' Soccer	209	105	0	314
Football	6,152	0	0	6,152
Summer Drama Club	414	0	0	414
History Club	387	0	50	337
NADA Club	334	0	0	334
SADD	6,829	3,590	4,888	5,531
Technology Club	1,400	2,438	1,586	2,252
Middle School Team	13,230	3,580	6,658	10,152
Middle School Team - Scholarship	195	7,475	6,655	1,015
Science Club	77	0	0	77
Bowling Club	113	840	705	248
International Club	4,225	0	0	4,225
Odyssey of the Mind	505	0	0	505
MS Science Club	75	0	0	75
MS CHIPS	638	0	0	638
Sales Tax	1,295	1,799	1,597	1,497
Interest	0	16	7	9
TOTALS	\$ 75,724	\$ 58,128	\$ 55,595	\$ 78,257

See notes to financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Canajoharie Central School District. The related year end cash balances are shown as part of the CM Miscellaneous Special Revenue Fund. The Extraclassroom Activity Funds of Canajoharie Central School District represent funds of the students of the District. The District's Board exercises general oversight on these funds. The Extraclassroom Activity Funds are independent of the District with respect to the financial transactions and the designation of student management.

The books and records of the Canajoharie Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures recognized when cash is disbursed.

NOTE 2 – MANAGEMENT LETTER

Management letter items associated with the Extraclassroom Activity Funds are included in the management letter accompanying the District's financial statements.



September 9, 2021

To the President and the Other Members
of the Board of Education of the
Canajoharie Central School District
Canajoharie, New York

Re: Management Letter
June 30, 2021

In planning and performing our audit of the basic financial statements of the Canajoharie Central School District for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control as a basis for designing our audit procedures for the purpose of expressing an opinion 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.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and improving operating efficiency. The memorandum that follows summarizes our comments and recommendations regarding those matters. We previously reported on the District's internal control in our report dated September 9, 2021. This report does not affect our report dated September 9, 2021, on the financial statements of Canajoharie Central School District.

Prior-Year Findings

(1) Extraclassroom Activity Funds

a) Fiscally Dormant Activities

Prior Condition: Through prior review of Extraclassroom Activity Funds, we noted that there were dormant clubs in the Extraclassroom Activity Funds.

Status: This condition remains outstanding. There were numerous fiscally dormant clubs in the Extraclassroom Activity Funds as of June 30, 2021.

Recommendation: We recommend that the District review all fiscally dormant clubs to determine whether the funds should be redistributed.

b) Sales Tax

Prior Condition: Clubs were not paying sales tax when purchasing taxable items from outside vendors, and not remitting sales tax on taxable fundraiser sales.

Status: This condition remains unchanged for the year ended June 30, 2021.

Recommendation: Clubs should pay sales tax when purchasing taxable items from outside vendors, unless a resale certificate has been filed with the vendor. Also, clubs should collect and remit sales tax when they sell taxable items.

(2) **Unassigned General Fund Balance**

Prior Condition: The District’s unassigned General Fund balance at June 30, 2020, was in excess of the New York State Real Property Tax Law limit, which restricts this balance to an amount not greater than 4% of the District’s appropriation budget for the upcoming year.

Status: This condition remains unchanged for the year ended June 30, 2021.

Recommendation: We recommend that the Board review and modify its plan to reduce the District’s unassigned General Fund balance to the statutory limit.

(3) **Teachers’ Retirement System Accrual**

Prior Condition: During our June 30, 2019 and 2020 audits, we noted that the District did not reconcile the balance due to the New York State Teachers’ Retirement System to their year-end bill.

Status: This condition has been corrected for the year ended June 30, 2021.

(4) **Extraclassroom Profit and Loss Statements**

Prior Condition: We noted that not all clubs are completing profit and loss statements for fundraisers.

Status: This condition remained unchanged for the year ended June 30, 2021.

Recommendation: Clubs should complete a profit and loss statement for each fundraiser.

(5) **Salary Notices**

Prior Condition: During our June 30, 2020 audit, we tested a random sample of 40 employees and noted that nine had not signed and returned their 2019-2020 salary notice.

Status: This condition was corrected for the year ended June 30, 2021.

(6) **Employee I-9 Forms**

Prior Condition: During our June 30, 2020 audit, we tested a random sample of 40 employees and noted that five had incomplete I-9s.

Status: This condition was corrected for the year ended June 30, 2021.

(7) **Books and Records**

Prior Condition: The activity in the Capital Fund was not recorded prior to the start of the June, 2020 audit.

Status: This condition was corrected for the year ended June 30, 2021.

We appreciate the assistance and courtesies extended to us by your staff during our fieldwork. Please let us know if you would like to discuss our comments and recommendations.

Very truly yours,

WEST & COMPANY CPAs PC

WEST & COMPANY CPAs PC