

**OSWEGO CITY SCHOOL DISTRICT**

**BASIC FINANCIAL STATEMENTS**

**For Year Ended June 30, 2021**



**MENGEL METZGER BARR & CO. LLP**

Certified Public Accountants

# TABLE OF CONTENTS

	<b>Pages</b>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis (Unaudited)	4 - 14
<b>Basic Financial Statements:</b>	
Statement of Net Position	15
Statement of Activities and Changes in Net Position	16
Balance Sheet - Governmental Funds	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities	19
Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position	20
<b>Notes to the Basic Financial Statements:</b>	21 - 52
<b>Required Supplementary Information:</b>	
Schedule of Changes in District's Total OPEB Liability and Related Ratio	53
Schedule of the District's Proportionate Share of the Net Pension Liability	54
Schedule of District Contributions	55
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund	56 - 57
<b>Supplementary Information:</b>	
Schedule of Change from Adopted Budget to Final Budget and Real Property Tax Limit - General Fund	58
Schedule of Capital Projects Fund - Project Expenditures and Financing Resources	59
Combining Balance Sheet - Nonmajor Governmental Funds	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	61
Net Investment in Capital Assets	62
Schedule of Expenditures of Federal Awards	63
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	64 - 65

## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Oswego City School District, New York

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Oswego City School District, New York, 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.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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 Oswego City School District, New York, 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, schedule of funding progress postemployment benefit plan, schedule of the District's proportionate share of the net pension liability, schedule of District contributions, and budgetary comparison information on pages 4–14 and 53–57 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*

As described in Note II to the financial statements, the District adopted GASB Statement No. 84, *Fiduciary Activities*. As a result, the beginning net position has been restated. Our opinion is not modified with respect to this matter.

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

The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2021 on our consideration of the Oswego City School District, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oswego City School District, New York's internal control over financial reporting and compliance.

Rochester, New York  
October 15, 2021

*Mengel, Metzger, Baw & Co. LLP*

## Oswego City 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, and/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

At the close of the fiscal year, the total liabilities plus deferred inflows (what the district owes) exceeded its total assets plus deferred outflows (what the district owns) by \$212,985,832 (net position) an increase of \$363,675 from the prior year.

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of \$3,058,643, a decrease of \$14,106,355 in comparison with the prior year.

General revenues which include Federal and State Aid and Real Property Taxes accounted for \$88,538,398 or 95% of all revenues. Program specific revenues in the form of Charges for services and Operating Grants and Contributions accounted for \$4,767,113 or 5% of total revenues.

#### Overview of the Financial Statements

This management's discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

#### *Government-Wide Financial Statements*

The *government-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School District's assets plus deferred outflow of resources and liabilities plus deferred inflow of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The *governmental* activities of the School District include instruction, pupil transportation, cost of food sales, general administrative support, community service, and interest on long-term debt.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

### *Fund Financial Statements*

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

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The School District maintains six individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Debt Service Fund, Miscellaneous Special Revenue Fund, and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the capital projects fund which are reported as major funds. Data for the special aid fund, the school lunch fund, the miscellaneous special revenue fund, and the debt service fund are aggregated into a single column and reported as a non-major fund.

The School District adopts and voters approve an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity which accounts for assets held by the School District on behalf of others. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are *not* available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statement section of this report.

<b><u>Major Feature of the District-Wide and Fund Financial Statements</u></b>			
	<b>Government-Wide Statements</b>	<b>Fund Financial Statements</b>	
		<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	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/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, 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 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

*Notes to the Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statement section of this report.

**Government-Wide Statements**

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

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets plus deferred outflow of resources and liabilities plus deferred inflow of resources, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. Additional non-financial factors such as changes in the District's property tax base and the condition of the school buildings and facilities must also be considered to assess the District's overall health.

All of the District's services are reported in the government-wide financial statements as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, federal and state aid, and investment earnings finance most of these activities.

**Financial Analysis of the School District As A Whole**

**Net Position**

The District's combined net position on June 30, 2021 totaled a deficit of \$212,985,832 which is \$363,675 higher than the prior year.

	<b>Governmental Activities</b>		<b>Total Variance</b>
	<b><u>2021</u></b>	<b><u>2020</u></b>	
<b><u>ASSETS:</u></b>			
Current and Other Assets	\$ 36,152,045	\$ 32,671,262	\$ 3,480,783
Capital Assets	100,288,664	83,538,392	16,750,272
<b>Total Assets</b>	<b><u>\$ 136,440,709</u></b>	<b><u>\$ 116,209,654</u></b>	<b><u>\$ 20,231,055</u></b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>			
Deferred Outflows of Resources	<b><u>\$ 86,279,306</u></b>	<b><u>\$ 35,424,656</u></b>	<b><u>\$ 50,854,650</u></b>
<b><u>LIABILITIES:</u></b>			
Long-Term Debt Obligations	\$ 356,742,666	\$ 293,007,294	\$ 63,735,372
Other Liabilities	32,766,035	9,547,628	23,218,407
<b>Total Liabilities</b>	<b><u>\$ 389,508,701</u></b>	<b><u>\$ 302,554,922</u></b>	<b><u>\$ 86,953,779</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>			
Deferred Inflows of Resources	<b><u>\$ 46,197,146</u></b>	<b><u>\$ 61,701,545</u></b>	<b><u>\$ (15,504,399)</u></b>
<b><u>NET POSITION:</u></b>			
Net Investment in Capital Assets	\$ 50,921,744	\$ 48,668,984	\$ 2,252,760
<b><u>Restricted For:</u></b>			
Employment Retirement System	2,526,774	2,526,774	-
Unemployment Insurance Reserve	3,251,665	3,374,665	(123,000)
Accrued benefit liability reserve	2,575,423	2,195,240	380,183
Other Purposes	11,032,217	4,787,279	6,244,938
Unrestricted	(283,293,655)	(274,175,099)	(9,118,556)
<b>Total Net Position</b>	<b><u>\$ (212,985,832)</u></b>	<b><u>\$ (212,622,157)</u></b>	<b><u>\$ (363,675)</u></b>

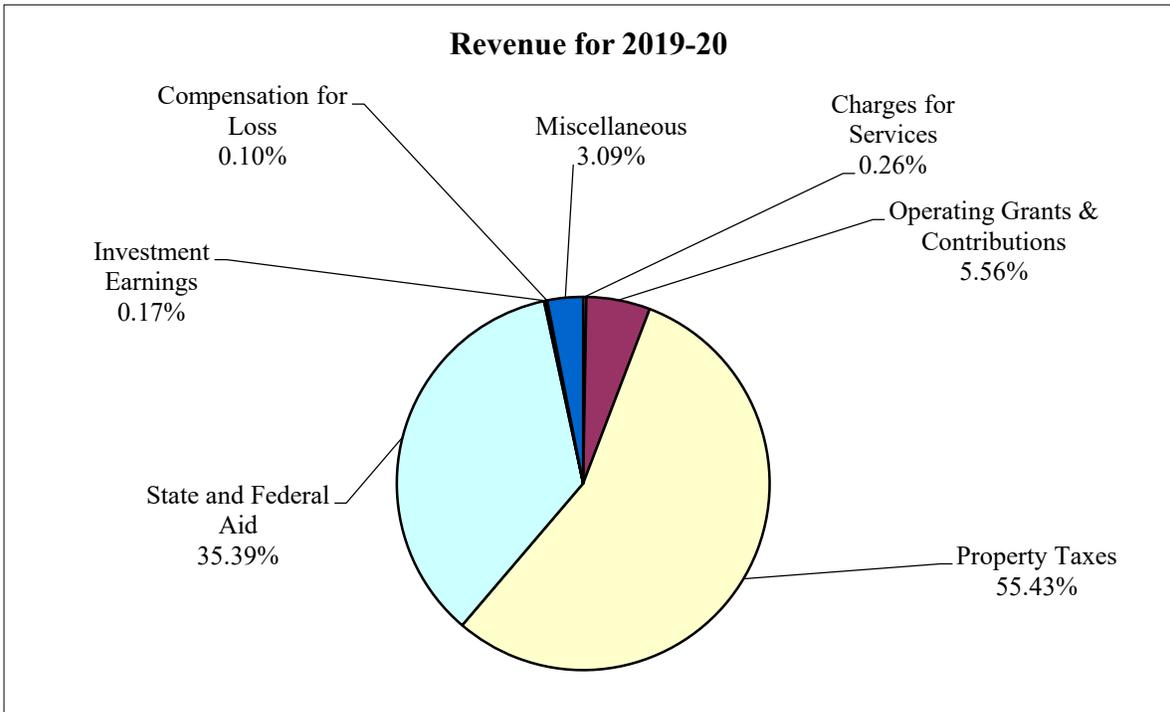
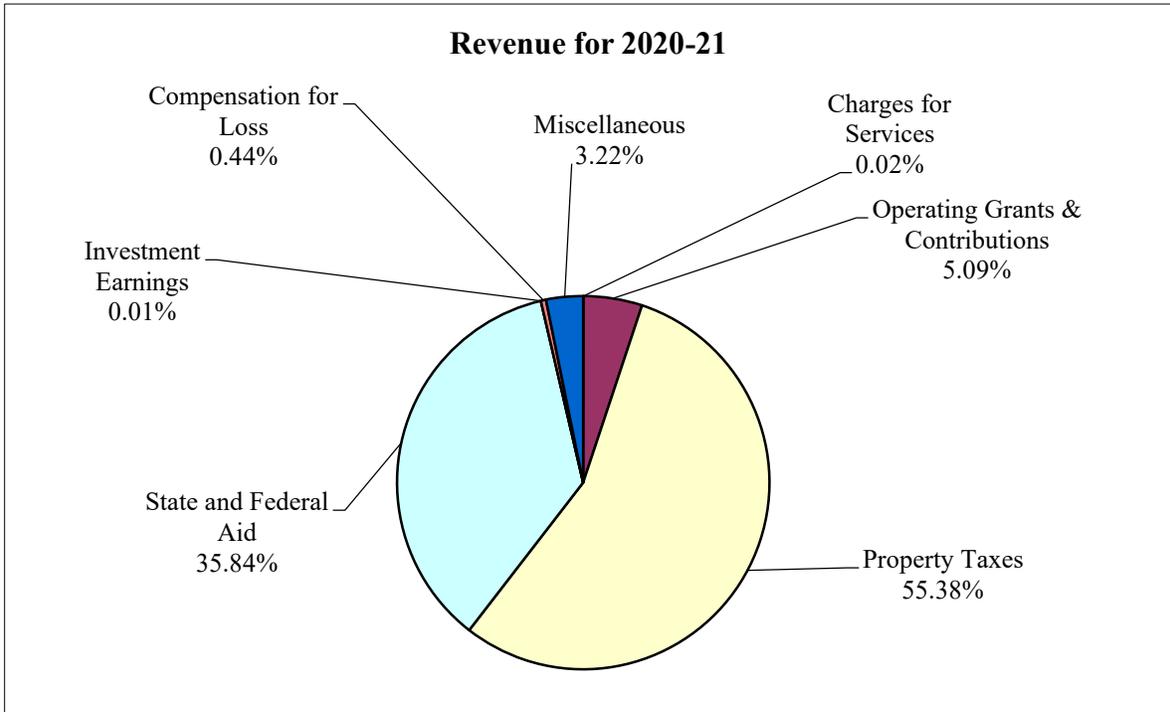
By far, the largest component of the School District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The District reports deficit unrestricted net position and total net position as a result of the recognition of the OPEB obligation which increased \$69,472,723 in the current year and included in long-term debt obligations. Current and Other Assets increased as a result of increases in the work in process and cash.

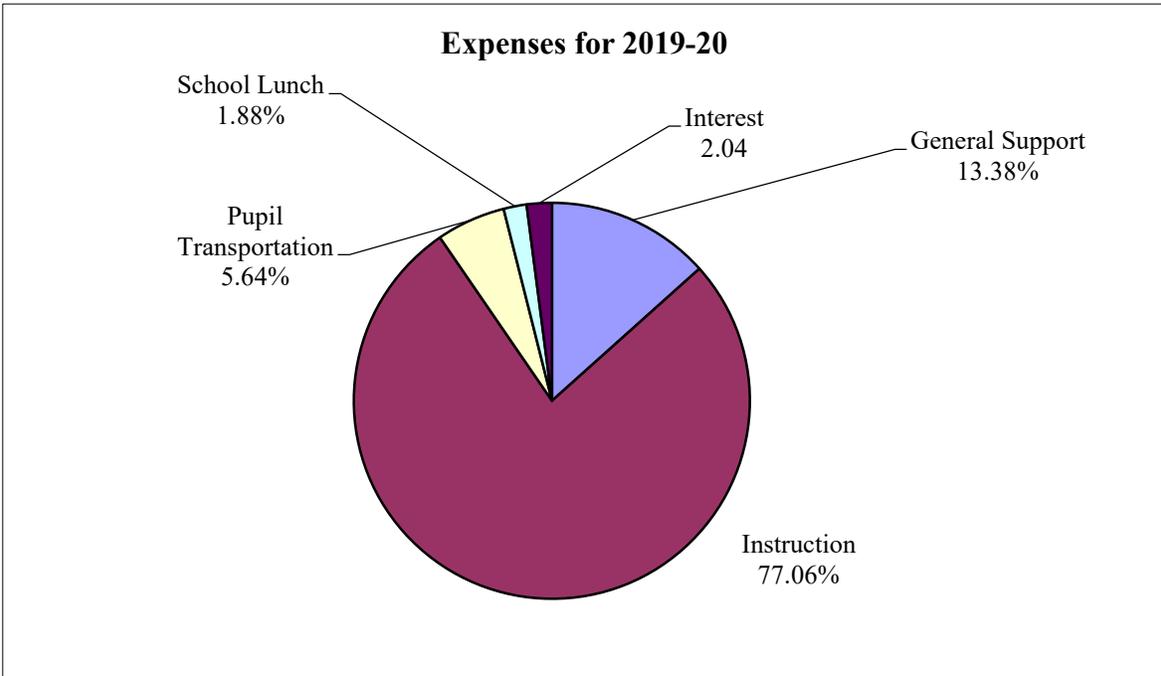
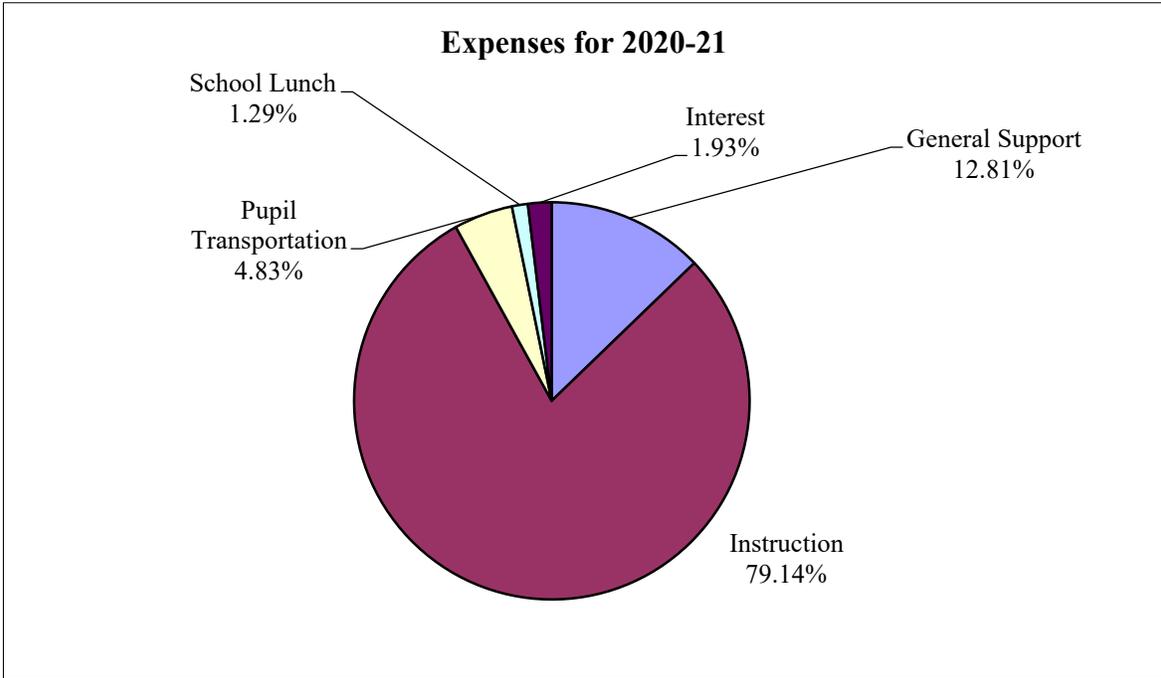
**Changes in Net Position**

The District’s total revenue increased 3% to \$93,305,511. State and federal aid 36% and property taxes 55% accounted for most of the District’s revenue. The remaining 9% of the revenue comes from charges for services, operating grants, investment earnings, compensation for loss, and miscellaneous revenues.

The total cost of all the programs and services increased 15% to \$93,669,186. The District’s expenses are predominately related to education and caring for the students (Instruction) 79%. General support which included expenses associated with the operation, maintenance and administration of the District accounted for 13% of the total costs. See table below:

	<b>Governmental Activities</b>		<b>Total Variance</b>
	<b><u>2021</u></b>	<b><u>2020</u></b>	
<b><u>REVENUES:</u></b>			
<b><u>Program -</u></b>			
Charges for Service	\$ 20,608	\$ 238,026	\$ (217,418)
Operating Grants & Contributions	4,746,505	5,057,829	(311,324)
<b>Total Program</b>	<b>\$ 4,767,113</b>	<b>\$ 5,295,855</b>	<b>\$ (528,742)</b>
<b><u>General -</u></b>			
Property Taxes	\$ 51,672,098	\$ 50,431,011	\$ 1,241,087
State and Federal Aid	33,444,274	32,196,460	1,247,814
Investment Earnings	12,648	157,435	(144,787)
Compensation for Loss	413,884	90,567	323,317
Miscellaneous	2,995,494	2,815,204	180,290
<b>Total General</b>	<b>\$ 88,538,398</b>	<b>\$ 85,690,677</b>	<b>\$ 2,847,721</b>
<b>TOTAL REVENUES</b>	<b>\$ 93,305,511</b>	<b>\$ 90,986,532</b>	<b>\$ 2,318,979</b>
<b><u>EXPENSES:</u></b>			
General Support	\$ 11,996,853	\$ 10,948,053	\$ 1,048,800
Instruction	74,126,364	62,678,823	11,447,541
Pupil Transportation	4,528,688	4,614,016	(85,328)
School Lunch	1,210,442	1,536,840	(326,398)
Interest	1,806,839	1,672,252	134,587
<b>TOTAL EXPENSES</b>	<b>\$ 93,669,186</b>	<b>\$ 81,449,984</b>	<b>\$ 12,219,202</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (363,675)</b>	<b>\$ 9,536,548</b>	
<b>NET POSITION, BEGINNING OF YEAR (restated)</b>	<b>(212,622,157)</b>	<b>(222,158,705)</b>	
<b>NET POSITION, END OF YEAR</b>	<b>\$ (212,985,832)</b>	<b>\$ (212,622,157)</b>	





**Financial Analysis of the School District's Funds**

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$3,058,643 which is less than last year's ending fund balance of \$17,164,998.

The General Fund is the chief operating fund of the District. At the end of the current year, the total fund balance of the General Fund was \$22,772,741. Fund balance for the General Fund increased by \$5,614,420 compared with the prior year. See table below:

<b><u>General Fund Balances:</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>Total Variance</u></b>
Nonspendable	\$ 516,239	\$ 295,758	\$ 220,481
Restricted	18,259,754	11,682,451	6,577,303
Assigned	350,356	1,639,894	(1,289,538)
Unassigned	3,646,392	3,540,218	106,174
<b>Total General Fund Balances</b>	<b><u>\$ 22,772,741</u></b>	<b><u>\$ 17,158,321</u></b>	<b><u>\$ 5,614,420</u></b>

**General Fund Budgetary Highlights**

The difference between the original budget and the final amended budget was \$1,625,083 which is attributable to \$52,083 of carryover encumbrances from the 2019-20 school year, \$823,000 for technology purchases, and \$750,000 for Covid-19 related expenses.

The key factors for budget variances in the general fund are listed below along with explanations for each.

<b>Expenditures Items:</b>	<b>Budget Variance Original Vs. Amended</b>	<b>Explanation for Budget Variance</b>
Teaching-Regular School	\$1,353,988	Allocations for the federal CARES funds

<b>Revenue Items:</b>	<b>Budget Variance Amended Vs. Actual</b>	<b>Explanation for Budget Variance</b>
Real Property Taxes	\$645,707	Deferred tax revenue decreased \$650,000
Miscellaneous	\$1,080,532	BOCES refund came in higher than anticipated and stop loss was higher than budgeted
State Sources	(\$1,389,237)	CARES funds were budgeted in State aid not Federal aid
Federal Sources	\$1,145,306	CARES funds were budgeted in State aid not Federal aid

<b>Expenditures Items:</b>	<b>Budget Variance Amended Vs. Actual</b>	<b>Explanation for Budget Variance</b>
Central Services	\$705,051	Operation and maintenance of plant came in lower than expected
Teaching-Regular School	\$1,234,748	Salary and additional duty stipends were lower and short-term layoffs with CSEA staff.
Programs for Children with Handicapping Conditions	\$713,053	Services were down due to COVID
Pupil Transportation	\$834,592	Fewer runs due to hybrid school year and short-term layoffs with transportation staff
Employee Benefits	\$1,877,308	Self-funded health insurance expenditures were lower than expected due to various nonemergency medical procedures not being done due to COVID.

### Capital Asset and Debt Administration

#### Capital Assets

By the end of the 2021 fiscal year, the District had invested \$100,288,664 in a broad range of capital assets, including land, work in progress, buildings and improvements, and machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,020,361	\$ 1,020,361
Work in Progress	24,583,127	8,952,793
Buildings and Improvements	70,881,656	69,046,438
Machinery and Equipment	3,803,520	4,518,800
<b>Total Capital Assets</b>	<b><u>\$ 100,288,664</u></b>	<b><u>\$ 83,538,392</u></b>

More detailed information can be found in the notes to the financial statements.

#### Long-Term Debt

At year end, the District had \$356,742,666 in general obligation bonds and other long-term debt outstanding as follows:

<u>Type</u>	<u>2021</u>	<u>2020</u>
Serial Bonds	\$ 28,680,000	\$ 33,971,000
Workers' Comp Claims	102,002	150,162
OPEB	319,664,232	250,191,509
Net Pension Liability	5,071,309	6,155,911
Tax Certiorari Claims	337,128	337,128
Compensated Absences	2,887,995	2,201,584
<b>Total Long-Term Obligations</b>	<b><u>\$ 356,742,666</u></b>	<b><u>\$ 293,007,294</u></b>

More detailed information can be found in the notes to the financial statements.

## Factors Bearing on the District's Future

### **Property Tax Cap:**

During 2011 the Governor signed Chapter 97 of the Laws of 2011, Part A- Property Tax Cap, affecting all local governments and establishing a property tax cap. The tax cap went into effect for the District's 2012-13 budget and under this law the growth in the property tax levy, the total amount to be raised through property taxes charged on the District's taxable assessed value of property, is capped at two percent or the rate of inflation, whichever is less, with some exceptions. Additionally, the district will have debt falling off that also affects the district ability to raise taxes. A 63.1 M capital project was approved by the voters and although tiered over five phases should help to mitigate the debt fall off.

### **Tax Freeze Legislation:**

Chapter 59 of the Laws of 2014 (Part FF) established a property tax freeze. This legislation generally provides that certain taxpayers who reside within a freeze compliant taxing jurisdiction will receive a credit. To be considered freeze compliant, a taxing jurisdiction must certify to the State Comptroller, the Commissioner of Taxation and Finance and the Commissioner of the State Education Department that the adopted budget is within the State Property Tax Cap.

### **PILOT Agreements:**

The District's has settled a five year Intermunicipal agreement with the County of Oswego, Town of Scriba and Nine Mile I and II. The chart below represents the district's share of the PILOT agreement over the life of the PILOT. Where the last PILOT was deescalating, this PILOT agreement stabilizes the district revenue.

Fiscal Year	Payment	Decrease
2020-2021	20,550,000	
2021-2022	20,892,500	342,000
2022-2023	20,892,500	0
2023-2024	20,892,500	0
2024-2025	20,892,500	0
Total	104,120,000	

### **Post-Employment Health Benefits:**

In fiscal year 2009, the District was required to report more accurately post-employment benefit costs. An actuarial study to calculate the total post-employment benefit liability was performed. The District has elected to recognize these costs of \$250 million over thirty years.

### **Retirement System Contributions:**

The Districts' pension contribution for the Employees' Retirement System is tiered. The district is anticipating that both ERS and TRS rates will increase for the 2021-2022 school year. We are anticipating increased costs due to the COVID-19 Pandemic with more people retiring and the decreased rate of return from the stock market.

### **Employee Contract Negotiations:**

All contracts have been settled with the exception of AAP, Administrators and COOSA, Support Administrators contracts are going to the Board for approval on 10/5/2021.

### **Annual Professional Performance Review (APPR):**

APPR regulations from the NY State Department of Education require school districts and BOCES to annually evaluate the performance of probationary and tenured teachers providing instructional and pupil personnel services. The procedures for evaluating teachers are a mandatory subject of collective bargaining and have resulted in additional mandated costs for the District.

### **Common Core Learning Standards:**

As part of the Regents Reform Agenda, New York State has embarked on a comprehensive reform initiative to ensure that schools prepare students with the knowledge and skills they need to succeed in college and in their careers. The Board of Regents adopted the Common Core State Standards for English Language Arts & Literacy and Mathematics creating Common Core Learning Standards (CCLS) in 2011.

The NYS Board of Regents adopted the newly revised ELA and Mathematics Learning Standards on September 11, 2017. The implementation timeline projected over the coming years includes awareness during the 2017-2018 school year and capacity building for the school years of 2018-2019 and 2019-2020 with the full implementation to take place September of 2020. This will have a direct impact on the professional development required during the next several years as well as additional costs.

#### **Next Generation Learning Standards:**

The Board of Regents adopted the newly revised English Language Arts and Mathematics Learning Standards on September 11, 2017. The new standards have been the result of over two years of collaborative work to ensure New York State has the best learning standards for our students. Over 130 educators and parents worked together to make recommendations and revise the standards, resulting in a new set of revised English Language Arts and Mathematics Learning Standards. New standards will also be rolled out in the future for Science and Social Studies.

#### **Online Computer Based Testing:**

The New York State Education Department continues to transition to computer-based testing (CBT) as part of its commitment to both meeting the needs of 21st century learners and improving test delivery, test integrity, scoring validity, and turn-around time on testing results. Beginning with 2016, New York State started administering some statewide assessments on computer. Grades 3-8 computer based testing is expected to be fully implemented in 2020. This will also add additional costs to the district.

#### **Lead & Carbon Monoxide Testing:**

New York State has adopted a rule that amends the Uniform Fire Prevention and Building Code by adding provisions requiring the installation of carbon monoxide detection in all new and existing commercial buildings that have appliances, devices or systems that may emit carbon monoxide, effective on June 27, 2015. Carbon Monoxide detectors with 10 year batteries have been installed at all locations where necessary.

In September 2016, legislation was passed requiring all school districts and Boces in NYS to test potable water systems for lead contamination and take responsive actions. The district did test all potable sources and implemented short term measures to correct these issues.

With the approval of the 63.1M Capital project, the lead and carbon monoxide testing and remediation is being conducted in each building that is touched. Leighton and Oswego High School have been completed in Phase II of the project. Riley, Kingsford, Fitzhugh and Minetto will be completed in Phase II of the project. The Middle school will be addressed in a subsequent phase. While the remediation efforts keep the school district in compliance, long term corrections need to be put in place and included as part of any new capital project.

#### **COVID -19:**

All of our schools opened with all students coming in every day. Due to the increase of the Delta variant, the district has a plan to address students that are quarantined or waiting for test results. Per the guidance from the CDC, students will continue to be social distanced in music, PE and lunch, where possible. The lack of drivers continues to be an issue, as it is statewide. We continue to monitor the situation daily and have a plan if the situation becomes untenable.

#### **ARP & Esser2:**

The district received Federal funding through the American Rescue Plan (ARP) in the amount of \$8,965,800.88 and the Elementary and Secondary School Emergency Relief Fund (ESSER 2) in the amount of \$3,989,200.99. These funds are to be used over three and two years respectively. There remains a concern in the district on whether the budget can sustain the programming and or positions, after the funding dries up.

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

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

Oswego City School District  
Education Center  
120 East First Street, Oswego New York 13126

**OSWEGO CITY SCHOOL DISTRICT, NEW YORK**

**Statement of Net Position**

**June 30, 2021**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 29,328,625
Accounts receivable	6,747,485
Inventories	75,935
<b>Capital Assets:</b>	
Land	1,020,361
Work in progress	24,583,127
Other capital assets (net of depreciation)	74,685,176
<b>TOTAL ASSETS</b>	<b><u>\$ 136,440,709</u></b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources	<b><u>\$ 86,279,306</u></b>
 <b>LIABILITIES</b>	
Accounts payable	\$ 685,324
Accrued liabilities	2,087,768
Unearned revenues	66,246
Due to teachers' retirement system	3,421,396
Due to employees' retirement system	310,713
Bond anticipation notes payable	26,000,000
Other Liabilities	194,588
<b>Long-Term Obligations:</b>	
Due in one year	5,646,031
Due in more than one year	351,096,635
<b>TOTAL LIABILITIES</b>	<b><u>\$ 389,508,701</u></b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources	<b><u>\$ 46,197,146</u></b>
 <b>NET POSITION</b>	
Net investment in capital assets	\$ 50,921,744
<b>Restricted For:</b>	
Reserve for employee retirement system	2,526,774
Unemployment insurance reserve	3,251,665
Accrued benefit liability reserve	2,575,423
Capital reserves	5,075,042
Other purposes	5,957,175
Unrestricted	(283,293,655)
<b>TOTAL NET POSITION</b>	<b><u><u>\$ (212,985,832)</u></u></b>

(See accompanying notes to financial statements)

**OSWEGO CITY SCHOOL DISTRICT, NEW YORK**

**Statement of Activities**

**For The Year Ended June 30, 2021**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
<u>Primary Government -</u>		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Position</u>
				<u>Governmental</u>
				<u>Activities</u>
General support	\$ 11,996,853	\$ -	\$ -	\$ (11,996,853)
Instruction	74,126,364	19,905	3,766,422	(70,340,037)
Pupil transportation	4,528,688	-	-	(4,528,688)
School lunch	1,210,442	703	980,083	(229,656)
Interest	1,806,839	-	-	(1,806,839)
<b>Total Primary Government</b>	<b><u>\$ 93,669,186</u></b>	<b><u>\$ 20,608</u></b>	<b><u>\$ 4,746,505</u></b>	<b><u>\$ (88,902,073)</u></b>
 <b>General Revenues:</b>				
Property taxes				\$ 51,672,098
State and federal aid				33,444,274
Investment earnings				12,648
Compensation for loss				413,884
Miscellaneous				2,995,494
<b>Total General Revenues</b>				<b><u>\$ 88,538,398</u></b>
Changes in Net Position				\$ (363,675)
<b>Net Position, Beginning of Year (restated)</b>				<b><u>(212,622,157)</u></b>
<b>Net Position, End of Year</b>				<b><u>\$ (212,985,832)</u></b>

(See accompanying notes to financial statements)

**OSWEGO CITY SCHOOL DISTRICT, NEW YORK**

**Balance Sheet**

**Governmental Funds**

**June 30, 2021**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 21,585,066	\$ 6,038,947	\$ 1,704,612	\$ 29,328,625
Receivables	4,680,395	-	2,067,090	6,747,485
Inventories	-	-	75,935	75,935
Due from other funds	3,294,800	-	349,599	3,644,399
<b>TOTAL ASSETS</b>	<b>\$ 29,560,261</b>	<b>\$ 6,038,947</b>	<b>\$ 4,197,236</b>	<b>\$ 39,796,444</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities -</b>				
Accounts payable	\$ 317,797	\$ 195,080	\$ 172,447	\$ 685,324
Accrued liabilities	1,533,772	-	5,659	1,539,431
Notes payable - bond anticipation notes	-	26,000,000	-	26,000,000
Due to other funds	134,163	205,870	3,304,366	3,644,399
Due to TRS	3,421,396	-	-	3,421,396
Due to ERS	310,713	-	-	310,713
Other liabilities	194,588	-	-	194,588
Compensated absences	150,418	-	613	151,031
Unearned revenue	-	-	66,246	66,246
<b>TOTAL LIABILITIES</b>	<b>\$ 6,062,847</b>	<b>\$ 26,400,950</b>	<b>\$ 3,549,331</b>	<b>\$ 36,013,128</b>
<b>Deferred Inflows -</b>				
Deferred inflows of resources	\$ 724,673	\$ -	\$ -	\$ 724,673
<b>Fund Balances -</b>				
Nonspendable	\$ 516,239	\$ -	\$ 75,935	\$ 592,174
Restricted	18,259,754	372,539	1,088,873	19,721,166
Assigned	350,356	-	-	350,356
Unassigned	3,646,392	(20,734,542)	(516,903)	(17,605,053)
<b>TOTAL FUND BALANCE</b>	<b>\$ 22,772,741</b>	<b>\$ (20,362,003)</b>	<b>\$ 647,905</b>	<b>\$ 3,058,643</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 29,560,261</b>	<b>\$ 6,038,947</b>	<b>\$ 4,197,236</b>	

**Amounts reported for governmental activities in the  
Statement of Net Position are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	100,288,664
Taxes receivable is deferred for those amounts collected after ninety (90) days on fund basis, while those amounts are recorded as revenue on the full accrual basis.	724,673
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(548,337)
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Serial bonds payable	(28,680,000)
OPEB	(319,664,232)
Compensated absences	(2,736,964)
BOCES obligations	(337,128)
Workers' compensation claims	(102,002)
Deferred outflow - pension	23,274,643
Deferred outflow - OPEB	63,004,663
Net pension liability	(5,071,309)
Deferred inflow - pension	(10,179,505)
Deferred inflow - OPEB	(36,017,641)
<b>Net Position of Governmental Activities</b>	<b>\$ (212,985,832)</b>

**OSWEGO CITY SCHOOL DISTRICT, NEW YORK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For The Year Ended June 30, 2021**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Real property taxes and tax items	\$ 52,325,361	\$ -	\$ -	\$ 52,325,361
Charges for services	19,905	-	-	19,905
Use of money and property	6,538	-	6,110	12,648
Sale of property and compensation for loss	413,884	-	-	413,884
Miscellaneous	2,724,781	-	61,235	2,786,016
Interfund revenues	51,825	-	-	51,825
State sources	32,098,968	-	844,809	32,943,777
Federal sources	1,345,306	-	3,867,549	5,212,855
Sales	-	-	703	703
<b>TOTAL REVENUES</b>	<b>\$ 88,986,568</b>	<b>\$ -</b>	<b>\$ 4,780,406</b>	<b>\$ 93,766,974</b>
<b>EXPENDITURES</b>				
General support	\$ 8,939,267	\$ -	\$ -	\$ 8,939,267
Instruction	42,192,810	-	3,181,574	45,374,384
Pupil transportation	2,486,737	188,812	-	2,675,549
Employee benefits	22,734,267	-	753,619	23,487,886
Debt service - principal	5,511,000	-	-	5,511,000
Debt service - interest	1,475,923	-	-	1,475,923
Cost of sales	-	-	386,263	386,263
Other expenses	-	-	666,982	666,982
Capital outlay	-	19,819,700	-	19,819,700
<b>TOTAL EXPENDITURES</b>	<b>\$ 83,340,004</b>	<b>\$ 20,008,512</b>	<b>\$ 4,988,438</b>	<b>\$ 108,336,954</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 5,646,564</b>	<b>\$ (20,008,512)</b>	<b>\$ (208,032)</b>	<b>\$ (14,569,980)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers - in	\$ -	\$ -	\$ 32,144	\$ 32,144
Transfers - out	(32,144)	-	-	(32,144)
Proceeds from obligations	-	220,000	-	220,000
Premium on obligations issued	-	-	243,625	243,625
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ (32,144)</b>	<b>\$ 220,000</b>	<b>\$ 275,769</b>	<b>\$ 463,625</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 5,614,420</b>	<b>\$ (19,788,512)</b>	<b>\$ 67,737</b>	<b>\$ (14,106,355)</b>
<b>FUND BALANCE, BEGINNING OF YEAR (restated)</b>	<b>17,158,321</b>	<b>(573,491)</b>	<b>580,168</b>	<b>17,164,998</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 22,772,741</b>	<b>\$ (20,362,003)</b>	<b>\$ 647,905</b>	<b>\$ 3,058,643</b>

(See accompanying notes to financial statements)

**OSWEGO CITY SCHOOL DISTRICT, NEW YORK**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to Statement of Activities**  
**For The Year Ended June 30, 2021**

**NET CHANGE IN FUND BALANCES -**  
**TOTAL GOVERNMENTAL FUNDS** \$ (14,106,355)

Amounts reported for governmental activities in the Statement of Activities are different because:  
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets in excess depreciation in the current period:

Capital Outlay	\$ 19,819,700	
Additions to Assets, Net	184,311	
Depreciation	<u>(3,253,739)</u>	16,750,272

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:

Debt Repayments	\$ 5,511,000	
Proceeds from Bond Issuance	<u>(220,000)</u>	5,291,000

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (330,916)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. (653,263)

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (3,239,861)

(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds

Teachers' Retirement System		(3,919,206)
Employees' Retirement System		484,944

In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:

Compensated Absences	\$ (688,450)	
Workers' Compensation Claims	<u>48,160</u>	<u>(640,290)</u>

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ (363,675)**

**OSWEGO CITY SCHOOL DISTRICT, NEW YORK**

**Statement of Fiduciary Net Position**

**June 30, 2021**

	<b>Custodial Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 134,303
<b>TOTAL ASSETS</b>	<b>\$ 134,303</b>
<b>NET POSITION</b>	
Restricted for individuals, organizations and other governments	\$ 134,303
<b>TOTAL NET POSITION</b>	<b>\$ 134,303</b>

**Statement of Changes in Fiduciary Net Position**

**For The Year Ended June 30, 2021**

	<b>Custodial Funds</b>
<b>ADDITIONS</b>	
Library taxes	\$ 1,334,525
Miscellaneous	48,770
<b>TOTAL ADDITIONS</b>	<b>\$ 1,383,295</b>
<b>DEDUCTIONS</b>	
Student activity	\$ 50,143
Library taxes	1,334,525
<b>TOTAL DEDUCTIONS</b>	<b>\$ 1,384,668</b>
<b>CHANGE IN NET POSITION</b>	\$ (1,373)
<b>NET POSITION, BEGINNING OF YEAR (restated)</b>	135,676
<b>NET POSITION, END OF YEAR</b>	<b>\$ 134,303</b>

# OSWEGO CITY SCHOOL DISTRICT, NEW YORK

## Notes To The Basic Financial Statements

June 30, 2021

### I. Summary of Significant Accounting Policies

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

#### A. Reporting Entity

The Oswego City 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 eight 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* and GASB Statement No. 61, *The Financial Reporting Entity*. 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 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 review of certain entities included in the District's reporting entity.

#### 1. 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 at the District's business office. The District accounts for assets held as an agency for various student organizations in an agency fund.

**( I. ) (Continued)**

**B. Joint Venture**

The District is a component of the Oswego County Board of Cooperative Educational Services (BOCES). The 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.

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

A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, 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 \$10,250,748 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$4,598,280.

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

**C. Basis of Presentation**

**1. Districtwide Statements**

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

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to 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.

( I. ) (Continued)

2. **Fund Statements**

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

The District reports the following governmental funds:

a. **Major Governmental Funds**

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

**Capital Projects Fund** - Used to account for the acquisition construction or major repair of capital facilities and bus purchases.

b. **Nonmajor Governmental** - The other funds which are not considered major are aggregated and reported as nonmajor governmental funds as follows:

**School Lunch Fund** - Used to account for transactions of the District's lunch, breakfast and milk programs.

**Special Aid Fund** - This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

**Debt Service Fund** - This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.

**Miscellaneous Special Revenue Fund** – used to account for and report those revenues that are restricted or committed to expenditures for specified purposes.

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

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

( I. ) (Continued)

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

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

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

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The 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.

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

**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, 2020. Taxes are collected during the period October 1, 2020 to March 1, 2021.

The City and Counties in which the District is located enforce uncollected real property taxes. An amount representing all uncollected real property taxes must be transmitted by the City to the District within two years from the return of unpaid taxes to the City. Real property taxes receivable expected to be collected within 60 days of year-end, less similar amounts collected during this period in the preceding year are recognized as revenues. Otherwise, deferred revenues offset real property taxes receivable.

**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.

( I. ) (Continued)

**G. Interfund Transactions**

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

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

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 VII for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

**H. Estimates**

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

**I. Cash and Cash Equivalents**

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 the 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.

( I. ) (Continued)

**J.     Receivables**

Receivables are shown net of an allowance for uncollectible accounts, when applicable.

An allowance for uncollectible accounts has been provided for certain amounts that may not be collectible.

**K.     Inventory and Prepaid Items**

Inventories of food and/or supplies for school lunch 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 amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

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

**L.     Capital Assets**

In the District-wide financial statements, capital assets are accounted for at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their acquisition value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 50,000	SL	15-50 Years
Machinery and Equipment	\$ 5,000	SL	5-25 Years

The investment in infrastructure type assets have not been segregated for reporting purposes since all costs associated with capital projects are consolidated and reported as additions to buildings and improvements.

( I. ) (Continued)

**M. 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.

**N. Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**O. Vested Employee Benefits**

**1. Compensated Absences**

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

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

The 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.

**( I. ) (Continued)**

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

In addition to providing pension benefits, the District provides post-employment health coverage to retired employees 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 may be 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.

**Q. Short-Term Debt**

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

**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 postemployment 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**

**1. District-Wide Statements**

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

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

( I. ) (Continued)

On the Statement of Net Position the following balances represent the restricted for other purposes:

	<b><u>Total</u></b>
Workers' Compensation	\$ 655,401
Retirement Contribution - TRS	1,170,120
Tax Certiorari	1,034,491
Scholarships	393,200
Debt	733,125
Liability	<u>1,970,838</u>
<b>Total Net Position - Restricted for Other Purposes</b>	<b><u><u>\$ 5,957,175</u></u></b>

c. **Unrestricted Net Position** - reports the balance of net position that does not meet the definition of the above two classifications . The reported deficit of \$283,293,655 at year end is the result of full implantation of GASB #75 regarding retiree health obligations and the New York State Pension system unfunded pension obligation.

2. **Fund Statements**

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

a. **Nonspendable Fund Balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes:

	<b><u>Total</u></b>
Inventory in School Lunch	\$ 75,935
School Lunch Fund Deficit	516,239
<b>Total Nonspendable Fund Balance</b>	<b><u><u>\$ 592,174</u></u></b>

b. **Restricted Fund Balances** – 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 District has established the following restricted fund balances:

( I. ) (Continued)

**Capital Reserve** - 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 the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for 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. The Reserve is accounted for in the General Fund under restricted fund balance. Year end balances are as follows:

<b><u>Name of Reserve</u></b>	<b><u>Maximum Funding</u></b>	<b><u>Total Funding Provided</u></b>	<b><u>Total Year to Date Balance</u></b>
2020 Capital Reserve	\$ 10,000,000	\$ 5,075,042	\$ 5,075,042

**Reserve for Debt Service** - According to General Municipal Law §6-1, the 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 that remain outstanding at the time of the sale. Also, earnings on project monies invested together with unused proceeds are reported here.

**Employee Benefit Accrued Liability Reserve** - According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due to 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.

**Liability Reserve** - According to General Municipal Law §1709(8)(c), must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and this reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater.

**Retirement Contribution Reserve** - According to General Municipal Law §6-r, must be used financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

**Teachers' Retirement Reserve** – General Municipal Law §6r was amended to include a Teachers' Retirement Reserve (TRS) sub-fund. The reserve has an annual funding limit of 2% of the prior year TRS salaries and a maximum cumulative total balance of 10% of the previous year's TRS salary.

( I. ) (Continued)

**Tax Certiorari Reserve** - According to General Municipal Law §3651.1-a, must be used to establish a reserve fund for tax certiorari claims and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceeding in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies.

**Unemployment Insurance Reserve** - 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.

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

**Nuclear Facility Stabilization Fund** - Chapter 202 of the New York State Laws of 2001 authorizes the establishment of a nuclear facility stabilization fund by school districts in which a nuclear-powered electric generating facility is located. The Board of Education created this reserve fund on October 25, 2014, however, no funding has been set aside.

**Encumbrances** - Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund and the School Lunch Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

( I. ) (Continued)

Restricted fund balances include the following:

	<u><b>Total</b></u>
<b><u>General Fund -</u></b>	
Workers' Compensation	\$ 655,401
Unemployment Costs	3,251,665
Retirement Contribution - ERS	2,526,774
Retirement Contribution - TRS	1,170,120
Tax Certiorari	1,034,491
Liability	1,970,838
Capital Reserves	5,075,042
Employee Benefit Accrued Liability	2,575,423
<b><u>Capital Fund -</u></b>	
Capital Projects	372,539
<b><u>Misc Special Revenue Fund -</u></b>	
Scholarships	343,386
Other	12,362
<b><u>Debt Service Fund -</u></b>	
Debt Service	733,125
<b>Total Restricted Fund Balance</b>	<b><u><u>\$ 19,721,166</u></u></b>

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

d. **Assigned Fund Balance** – Includes amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as assigned fund balance. Encumbrances represent purchase commitments made by the District’s purchasing agent through their authorization of a purchase order prior to year end. The District assignment is based on the functional level of expenditures.

Management has determined significant encumbrances for the General Fund to be \$113,000, the Special Aid Fund to be \$8,200, and the Capital Projects Fund to be \$32,000. The General Fund did not report any significant encumbrances. The District reports the following significant encumbrances:

<b><u>General Fund -</u></b>	
Central Services	<b><u><u>\$ 189,607</u></u></b>
<b><u>Capital Projects Fund -</u></b>	
Capital Improvements	<b><u><u>\$ 5,515,775</u></u></b>
<b><u>Special Aid Fund -</u></b>	
Instructional	<b><u><u>\$ 34,404</u></u></b>

( I. ) (Continued)

Assigned fund balances include the following:

General Fund - Encumbrances	<u>Total</u> \$ 350,356
<b>Total Assigned Fund Balance</b>	<b><u>\$ 350,356</u></b>

e. **Unassigned Fund Balance** –Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the school district and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District’s budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

3. **Order of Use of Fund Balance**

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

T. **New Accounting Standards**

The District has adopted 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 84, *Fiduciary Activities*.

GASB has issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*, which will be effective for reporting periods beginning after December 15, 2019.

U. **Future Changes in Accounting Standards**

GASB has issued Statement 87, *Leases*, which will be effective for the periods beginning after June 15, 2021.

( I. ) (Continued)

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for reporting periods beginning after December 15, 2020.

GASB has issued Statement No. 91, *Conduit Debt Obligations*, which will be effective for reporting periods beginning after December 15, 2021.

GASB has issued Statement No. 92, *Omnibus 2020, Paragraphs 6, 7, 8, 9, 10, 12*, which will be effective for reporting periods beginning after June 15, 2021.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraphs 1-11a, and 12*, which will be effective for reporting periods beginning after June 15, 2020.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraphs 13 and 14*, which will be effective for reporting periods beginning after June 15, 2021.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraphs 11b*, which will be effective for reporting periods beginning after December 15, 2021.

GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement No. 96, *Subscription Based Information Technology*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, which will be effective for reporting periods beginning after June 15, 2021.

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

**II. Restatement of Net Position**

For the year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. The District's net position has been restated as follows:

	<b>Government-Wide <u>Statements</u></b>	<b>Governmental <u>Funds</u></b>	<b>Fiduciary <u>Funds</u></b>
Net position beginning of year, as previously stated	\$ (213,015,357)	\$ 16,771,798	\$ 381,812
Adjustments for activities previously recorded in Agency Fund:			
Student Activity Balance	-	-	135,676
Adjustments for activities previously recorded in Private Purpose Trust:			
AP, PSAT, ACT Exams	11,388	11,388	-
Scholarships	381,812	381,812	(381,812)
Net position beginning of year, as restated	<u>\$ (212,622,157)</u>	<u>\$ 17,164,998</u>	<u>\$ 135,676</u>

### **III. Changes in Accounting Principles**

For the year ended June 30, 2021, the District implemented GASB Statement No. 84, Fiduciary Activity. The implementation of the statement changes the reporting for certain activity previously reported in the Fiduciary Fund. The District is now required to report some or all of that activity in the Governmental funds. See Note II for the financial statement impact of implementation of the Statement.

### **IV. Stewardship, Compliance and Accountability**

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

#### **A. Budgets**

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.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. 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 restriction, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The 2020-21 budget was amended for \$52,803 of encumbrances from the prior year, \$823,000 for technology purchases and \$750,000 for unanticipated COVID-19 expenditures.

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

Budgets are established and used for individual capital projects fund 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.

#### **B. 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 yearend are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

(IV.) (Continued)

C. **Deficit Fund Balances**

1. **School Lunch Fund**

As indicated in the financial statements, the District's School Lunch program had a net operating loss of \$144,546, which increased the deficit unassigned fund balance to \$516,239 at June 30, 2021. This deficit is a result of prior year expenditures increasing at a higher rate than revenues.

2. **Capital Projects Fund**

The Capital Projects Fund had a deficit fund balance of \$20,362,003 at June 30, 2021, which is a result of expenses incurred by the HCIP 18-19 project and 2020-21 Emergency project before receiving financing.

D. **Deficit Net Position**

The District-wide net position reported a deficit at June 30, 2021 totaling \$212,985,832. The deficit is a result of unfunded liabilities, such as compensated absences, net pension obligations, and other postemployment benefits. New York State does not allow for a funding mechanism relating to other postemployment benefits or pension obligations.

V. **Cash and Cash Equivalents**

**Credit risk:** In compliance with the State Law, District investments are limited to obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State, time deposit accounts and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and obligations issued by other municipalities and authorities within the State.

**Concentration of Credit risk:** To promote competition in rates and service cost, and to limit the risk of institutional failure, District deposits and investments are placed with multiple institutions. The District's investment policy limits the amounts that may be deposited with any one financial institution.

**Interest rate risk:** The District has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates.

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

Uncollateralized	\$	-
Collateralized within Trust Department or Agent		29,345,386
<b>Total</b>	<b>\$</b>	<b><u>29,345,386</u></b>

( V. ) (Continued)

Restricted cash represents cash 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 \$19,721,166 within the governmental funds and \$134,303 in the fiduciary funds.

**VI. Receivables**

Receivables at June 30, 2021 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

<u>Description</u>	<u>Governmental Activities</u>			<u>Total</u>
	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>School Lunch Fund</u>	
Accounts Receivable	\$ 1,393,204	\$ -	\$ 26,459	\$ 1,419,663
Due From State and Federal	3,276,868	1,726,330	340,333	5,343,531
Due From Other Governments	10,323	-	-	10,323
Allowance for Uncollectible Accounts	-	-	(26,032)	(26,032)
<b>Total Receivables</b>	<b>\$ 4,680,395</b>	<b>\$ 1,726,330</b>	<b>\$ 340,760</b>	<b>\$ 6,747,485</b>

**VII. Interfund Receivables, Payables, Revenues and Expenditures**

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2021 were as follows:

	<u>Interfund</u>			
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 3,294,800	\$ 134,163	\$ -	\$ 32,144
Non-major Funds	349,599	3,304,366	32,144	-
Capital Projects Fund	-	205,870	-	-
<b>Total</b>	<b>\$ 3,644,399</b>	<b>\$ 3,644,399</b>	<b>\$ 32,144</b>	<b>\$ 32,144</b>

Interfund receivables and payables between governmental activities 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 not necessarily expected to be repaid within one year.

Transfers are used to finance certain special aid programs, support capital project expenditures and debt service expenditures.

**VIII. Capital Assets**

Capital asset balances and activity were as follows:

<u>Type</u>	<u>Balance 7/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2021</u>
<b><u>Governmental Activities:</u></b>				
<b><u>Capital Assets that are not Depreciated -</u></b>				
Land	\$ 1,020,361	\$ -	\$ -	\$ 1,020,361
Work in progress	8,952,793	19,819,700	4,189,366	24,583,127
<i>Total Nondepreciable</i>	<u>\$ 9,973,154</u>	<u>\$ 19,819,700</u>	<u>\$ 4,189,366</u>	<u>\$ 25,603,488</u>
<b><u>Capital Assets that are Depreciated -</u></b>				
Buildings and Improvements	\$ 131,450,975	\$ 4,189,366	\$ -	\$ 135,640,341
Machinery and equipment	10,686,857	184,311	97,934	10,773,234
<i>Total Depreciated Assets</i>	<u>\$ 142,137,832</u>	<u>\$ 4,373,677</u>	<u>\$ 97,934</u>	<u>\$ 146,413,575</u>
<b><u>Less Accumulated Depreciation -</u></b>				
Buildings and Improvements	\$ 62,404,537	\$ 2,354,148	\$ -	\$ 64,758,685
Machinery and equipment	6,168,057	899,591	97,934	6,969,714
<i>Total Accumulated Depreciation</i>	<u>\$ 68,572,594</u>	<u>\$ 3,253,739</u>	<u>\$ 97,934</u>	<u>\$ 71,728,399</u>
<i>Total Capital Assets Depreciated, Net of Accumulated Depreciation</i>	<u>\$ 73,565,238</u>	<u>\$ 1,119,938</u>	<u>\$ -</u>	<u>\$ 74,685,176</u>
<b>Total Capital Assets</b>	<b><u>\$ 83,538,392</u></b>	<b><u>\$ 20,939,638</u></b>	<b><u>\$ 4,189,366</u></b>	<b><u>\$ 100,288,664</u></b>

Depreciation expense for the period was charged to functions/programs as follows:

<b><u>Governmental Activities:</u></b>	
General Government Support	\$ 119,549
Instruction	2,355,518
Pupil Transportation	700,790
School Lunch	77,882
<b>Total Depreciation Expense</b>	<b><u>\$ 3,253,739</u></b>

**IX. Short-Term Debt Obligations**

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 7/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2021</u>
BAN	7/23/2021	1.50%	\$ -	\$ 26,000,000	\$ -	\$ 26,000,000
<b>Total Short-Term Debt</b>			<b><u>\$ -</u></b>	<b><u>\$ 26,000,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 26,000,000</u></b>

Interest on short-term debt for June 30, 2021 was composed of:

Interest Paid	\$ -
Plus: Interest Accrued in the Current Year	362,989
<b>Total Short-Term Interest Expense</b>	<b><u>\$ 362,989</u></b>

**X. Long-Term Debt Obligations**

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

	<u>Balance</u> <u>7/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2021</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
<b><u>Bonds and Notes Payable -</u></b>					
Serial Bonds	\$ 33,971,000	\$ 220,000	\$ 5,511,000	\$ 28,680,000	\$ 5,495,000
Workers' Compensation Claims	150,162	-	48,160	102,002	-
<b>Total Bonds and Notes Payable</b>	<b>\$ 34,121,162</b>	<b>\$ 220,000</b>	<b>\$ 5,559,160</b>	<b>\$ 28,782,002</b>	<b>\$ 5,495,000</b>
<b><u>Other Liabilities -</u></b>					
Net Pension Liability	\$ 6,155,911	\$ -	\$ 1,084,602	\$ 5,071,309	\$ -
OPEB	250,191,509	69,472,723	-	319,664,232	-
Tax Certiorari Claims	337,128	-	-	337,128	-
Compensated Absences	2,201,584	686,411	-	2,887,995	151,031
<b>Total Other Liabilities</b>	<b>\$ 258,886,132</b>	<b>\$ 70,159,134</b>	<b>\$ 1,084,602</b>	<b>\$ 327,960,664</b>	<b>\$ 151,031</b>
<b>Total Long-Term Obligations</b>	<b>\$ 293,007,294</b>	<b>\$ 70,379,134</b>	<b>\$ 6,643,762</b>	<b>\$ 356,742,666</b>	<b>\$ 5,646,031</b>

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

Existing serial and statutory bond obligations:

<u>Description</u>	<u>Original</u> <u>Amount</u>	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u> <u>Outstanding</u> <u>6/30/2021</u>
Reconstruction	\$ 5,450,000	2012	2024	2%-5%	\$ 1,655,000
Reconstruction	\$ 985,000	2013	2028	2%-5%	545,000
BOCES Capital Project	\$ 6,853,601	2014	2029	2.00%-3.25%	3,965,000
DASNY	\$ 11,985,000	2016	2030	2%-5%	8,685,000
Buses	\$ 950,000	2017	2022	1.52%	200,000
Buses	\$ 600,000	2018	2023	1.75%-2.00%	250,000
Refunding	\$ 12,080,000	2018	2025	2%-5%	12,060,000
Buses	\$ 577,000	2019	2024	2.75%-2.875%	355,000
Buses	\$ 911,000	2019	2025	1.625-1.75%	745,000
Buses	\$ 220,000	2021	2026	1.20%	220,000
<b>Total Serial Bonds</b>					<b>\$ 28,680,000</b>

The following is a summary of debt service requirements:

<u>Year</u>	<u>Serial Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 5,495,000	\$ 1,238,659
2023	5,525,000	1,017,493
2024	5,645,000	772,731
2025	4,350,000	528,848
2026	1,585,000	330,595
2027-30	6,080,000	665,913
<b>Total</b>	<b>\$ 28,680,000</b>	<b>\$ 4,554,239</b>

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. \$15,205,000 of bonds outstanding are considered defeased.

( X. ) (Continued)

Interest on long-term debt for June 30, 2021 was composed of:

Interest Paid	\$ 1,475,923
Less: Interest Accrued in the Prior Year	(217,421)
Plus: Interest Accrued in the Current Year	185,348
<b>Total Long-Term Interest Expense</b>	<b><u><u>\$ 1,443,850</u></u></b>

**XI. Deferred Inflows/Outflows of Resources**

The following is a summary of the deferred inflows/outflows of resources:

	<b><u>Deferred Outflows</u></b>	<b><u>Deferred Inflows</u></b>
Pension	\$ 23,274,643	\$ 10,179,505
OPEB	63,004,663	36,017,641
<b>Total</b>	<b><u><u>\$ 86,279,306</u></u></b>	<b><u><u>\$ 46,197,146</u></u></b>

**XII. Pension Plans**

**A. General Information**

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

**B. Provisions and Administration**

A 10 member Board of Trustees of the New York State Teachers' Retirement Board administers TRS. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). 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. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYRS, 10 Corporate Woods Drive, Albany, New York 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](http://www.nystrs.org).

( XII. ) (Continued)

ERS 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. 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. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php).

**C. Funding Policies**

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year.

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

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2021	\$ 1,116,572	\$ 3,421,396

**D. Pension 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 TRS and ERS Systems in reports provided to the District.

( XII. ) (Continued)

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Net pension assets/(liability)	\$ (23,460)	\$ (5,047,849)
District's portion of the Plan's total net pension asset/(liability)	0.024%	0.183%

For the year ended June 30, 2021, the District recognized pension expenses of \$681,742 for ERS and \$6,943,527 for TRS. At June 30, 2021 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 286,506	\$ 4,422,926	\$ -	\$ 258,693
Changes of assumptions	4,313,469	6,384,354	81,353	2,275,689
Net difference between projected and actual earnings on pension plan investments	-	3,296,688	6,738,987	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	366,301	839,886	29,465	795,318
Subtotal	<u>\$ 4,966,276</u>	<u>\$ 14,943,854</u>	<u>\$ 6,849,805</u>	<u>\$ 3,329,700</u>
District's contributions subsequent to the measurement date	310,712	3,053,801	-	-
<b>Grand Total</b>	<b><u>\$ 5,276,988</u></b>	<b><u>\$ 17,997,655</u></b>	<b><u>\$ 6,849,805</u></b>	<b><u>\$ 3,329,700</u></b>

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2021	\$ -	\$ 2,113,761
2022	281,934	4,116,872
2023	45,180	3,322,170
2024	294,814	1,884,895
2025	1,261,601	(15,792)
Thereafter	-	192,248
<b>Total</b>	<b><u>\$ 1,883,529</u></b>	<b><u>\$ 11,614,154</u></b>

( XII. ) (Continued)

**E. Actuarial Assumptions**

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

	<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	5.90%	7.10%
Salary scale	4.40%	4.72%-1.90%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2009- June 30, 2014 System's Experience
Inflation rate	2.70%	2.20%
COLA's	1.40%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2019. For TRS, annuitant mortality rates are based on plan member experience adjustments for mortality improvements based on Society of Actuaries Scale MP-2019.

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 the 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 as of March 31, 2021 are summarized as follows:

( XII. ) (Continued)

<b>Long Term Expected Rate of Return</b>		
	<b><u>ERS</u></b>	<b><u>TRS</u></b>
Measurement date	March 31, 2021	June 30, 2020
<b><u>Asset Type -</u></b>		
Domestic equity	4.05%	7.10%
International equity	6.30%	7.70%
Global equity	0.00%	7.40%
Private equity	6.75%	10.40%
Real estate	4.95%	6.80%
Absolute return strategies *	4.50%	0.00%
Opportunistic portfolios	4.50%	0.00%
Real assets	5.95%	0.00%
Bonds and mortgages	0.00%	0.00%
Cash	0.50%	0.00%
Inflation-indexed bonds	0.50%	0.00%
Private debt	0.00%	5.20%
Real estate debt	0.00%	3.60%
High-yield fixed income securities	0.00%	3.90%
Domestic fixed income securities	0.00%	1.80%
Global fixed income securities	0.00%	1.00%
Short-term	0.00%	0.70%
Credit	3.63%	0.00%

The real rate of return is net of the long-term inflation assumption of 2% for ERS and 2.2% for TRS.

\* Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equity and international equity.

**F. Discount Rate**

The discount rate used to calculate the total pension liability was 5.90% 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 liability.

( XII. ) (Continued)

**G. Sensitivity of the Net Pension Liability to the Discount Rate Assumption**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.90% 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-percentagepoint lower (4.90% for ERS and 6.10% for TRS ) or 1-percentage-point higher (6.90% for ERS and 8.10% for TRS) than the current assumption :

	<b>1% Decrease <u>(4.90%)</u></b>	<b>Current Assumption <u>(5.90%)</u></b>	<b>1% Increase <u>(6.90%)</u></b>
<b><u>ERS</u></b>			
Employer's proportionate share of the net pension asset (liability)	\$ (6,511,486)	\$ (23,460)	\$ 5,960,019
	<b>1% Decrease <u>(6.10%)</u></b>	<b>Current Assumption <u>(7.10%)</u></b>	<b>1% Increase <u>(8.10%)</u></b>
<b><u>TRS</u></b>			
Employer's proportionate share of the net pension asset (liability)	\$ (31,885,522)	\$ (5,047,849)	\$ 17,475,760

**H. 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:

	<b>(In Thousands)</b>	
	<b><u>ERS</u></b>	<b><u>TRS</u></b>
Measurement date	March 31, 2021	June 30, 2020
Employers' total pension liability	\$ 220,680,157	\$ 123,242,776
Plan net position	220,580,583	120,479,505
Employers' net pension asset/(liability)	<u>\$ (99,574)</u>	<u>\$ (2,763,271)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	99.95%	97.80%

**I. Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 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 \$310,713.

( XII. ) (Continued)

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$3,421,396.

**XIII. Postemployment Benefits**

**A. General Information About the OPEB Plan**

*Plan Description* – The District's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

*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.

*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	608
Active Employees	<u>605</u>
<b>Total</b>	<b><u><u>1213</u></u></b>

**B. Total OPEB Liability**

The District's total OPEB liability of \$319,664,232 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

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

( XIII. ) (Continued)

Inflation	2.20 percent
Salary Increases	3.00 percent, average, including inflation
Discount Rate	2.21 percent
Healthcare Cost Trend Rates	Initial rate of 7.50% decreasing to an ultimate rate of 3.94%
Retirees' Share of Benefit-Related Costs	Varies depending on contract

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

Mortality rates were based on RPH-2014 Mortality Table for employees, health annuitants, sex distinct, with generation mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2020.

**C. Changes in the Total OPEB Liability**

Balance at June 30, 2020	<u>\$ 250,191,509</u>
<u>Changes for the Year -</u>	
Service cost	\$ 7,747,532
Interest	8,892,509
Changes of benefit terms	(179,187)
Changes in assumptions or other inputs	60,746,616
Benefit payments	<u>(7,734,747)</u>
Net Changes	<u>\$ 69,472,723</u>
<b>Balance at June 30, 2021</b>	<b><u><u>\$ 319,664,232</u></u></b>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in 2020 to 2.21 percent in 2021.

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

	<b>1% Decrease</b>	<b>Discount</b>	<b>1% Increase</b>
	<b><u>(1.21%)</u></b>	<b><u>Rate</u></b>	<b><u>(3.21%)</u></b>
		<b><u>(2.21%)</u></b>	
Total OPEB Liability	\$ 381,225,206	\$ 319,664,232	\$ 271,080,209

( XIII. ) (Continued)

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

	<b>1% Decrease (6.50% Decreasing to 2.94%)</b>	<b>Healthcare Cost Trend Rates (7.50% Decreasing to 3.94%)</b>	<b>1% Increase (8.50% Decreasing to 4.94%)</b>
Total OPEB Liability	\$ 263,554,650	\$ 319,664,232	\$ 393,981,105

**D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2021, the District recognized OPEB expense of \$11,382,938. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 2,566,722	\$ 9,660,325
Changes of assumptions	52,294,864	26,357,316
Contributions after measurement date	8,143,077	-
<b>Total</b>	<b><u>\$ 63,004,663</u></b>	<b><u>\$ 36,017,641</u></b>

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

<b><u>Year</u></b>	
2022	\$ (5,077,916)
2023	480,473
2024	7,944,024
2025	10,075,533
2026	5,421,831
<b>Total</b>	<b><u>\$ 18,843,945</u></b>

#### XIV. Risk Management

##### A. General Information

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

##### B. Self-Funded Medical Plan

The District participates in a self-funded medical plan administered by POMCO. The Plan is referred to as a premium credit plan. The District pays actual claim expenses and administrative charges. The District also, has stop-loss insurance coverage on specific claims in excess of \$250,000.

Liabilities are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

The incurred but not reported claims (IBNR's) are fully funded and reported in the General Fund as part of the accrued liabilities balances at June 30, 2021.

A reconciliation of the claims recorded for 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Beginning liabilities	\$ 965,583	\$ 1,184,383
Incurred claims	14,272,337	16,934,037
Claims payments	<u>(14,211,212)</u>	<u>(17,152,837)</u>
<b>Ending Liabilities</b>	<b><u>\$ 1,026,708</u></b>	<b><u>\$ 965,583</u></b>

The following statistical information is presented:

<u>Year</u>	<u>Contribution Revenue</u>	<u>Actual Claim Expense</u>
2021	\$ 14,272,337	\$ 14,211,212
2020	\$ 16,934,037	\$ 17,152,837
2019	\$ 11,323,248	\$ 11,262,305
2018	\$ 11,722,388	\$ 11,723,670
2017	\$ 12,523,082	\$ 12,566,710
2016	\$ 9,112,055	\$ 9,254,985
2015	\$ 10,332,190	\$ 10,072,620
2014	\$ 11,971,396	\$ 12,182,636

Contribution revenues consist of the expenditures charged to the funds plus the employee's payroll withholding plus the retiree's contribution. There are additional revenues which offset the claim expense such as rebates and refunds which are not included in contribution revenues.

The Plan has funded the incurred but not yet reported claims liability. The funding of this liability indicates that the plan's self funded insurance program is fully funded.

( XIV. ) (Continued)

**C. Workers' Compensation**

The District has elected to self-fund for workers' compensation claims in the 2020-21 fiscal year. As of June 30, 2021 there are no open claims. In addition, the District purchases stop-loss insurance to cover individual claims over \$500,000.

Liabilities of the Plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for considering the effects of inflation, recent claim settlement trends including frequency and amount of payout, and other economic and social factors. Changes in the balances of claims liabilities related to workers' compensation for the current and prior fiscal years are as follows:

	<b><u>2021</u></b>	<b><u>2020</u></b>
Beginning liabilities	\$ 150,162	\$ 212,113
Incurred claims	274,305	222,470
Claims payments	<u>(322,465)</u>	<u>(284,421)</u>
<b>Ending Liabilities</b>	<b><u>\$ 102,002</u></b>	<b><u>\$ 150,162</u></b>

The following statistical information is presented:

<b><u>Year</u></b>	<b><u>Contribution Revenue</u></b>	<b><u>Actual Claim Expense</u></b>
2021	\$ 274,305	\$ 322,465
2020	\$ 222,470	\$ 284,421
2019	\$ 243,670	\$ 221,547
2018	\$ 232,153	\$ 175,893
2017	\$ 167,572	\$ 177,544

At the end of the year there are no open claims which are self-funded. All claims incurred prior to the District becoming self-funded will be paid by the BOCES plan.

**D. Dental Coverage**

The District self insures for dental coverage for its non-instructional employees. The District uses a third party administrator who is responsible for processing claims and estimating liabilities. The District does not carry excess insurance coverage relative to this Plan. The District records expenditures as claims are presented for payment. The annual maximum benefit per employee and dependent is \$1,500 per year. Liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. The expenditures of this program totaled \$317,327 for the 2020-21 fiscal year. At year end the District is not aware of any loss contingencies or incurred but not reported claims.

( XIV. ) (Continued)

**E. Unemployment**

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2020-21 fiscal year totaled \$2,204. The balance of the fund at June 30, 2021 was \$3,251,665 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2021, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

**XV. Commitments and Contingencies**

**A. Litigation**

The District has several pending tax certiorari claims filed as of the date of this report in which the District has established a tax certiorari reserve to help offset any potential liability.

**B. Grants**

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

**C. Emergency Soil Remediation Project**

During the 2020-21 fiscal year the Board approved a \$5,600,000 emergency soil remediation project which was identified during the site work for the \$68,100,000 project. The State has approved the aid on the project to be paid back to the District in one year. This will require the District to budget a onetime transfer to the Capital Fund estimated at \$4,900,000 and a corresponding State aid revenue during the 2022-23 fiscal year. As of the date of this report the Board has determined that the local portion of the project will come from the \$68,100,000 project which will be non-aidable and reduce the scope of the project by the local portion which is estimated to be \$700,000.

**XVI. Tax Abatement**

The County of Oswego IDA, and the District enter into various property tax abatement programs for the purpose of Economic Development. As a result the District property tax revenue was reduced \$28,583,077. The District received payment in lieu of tax (PILOT) payment totaling \$24,895,676 to help offset the property tax reduction.

## **XVII. Subsequent Events**

- A. On July 22, 2021 the District issued a bond anticipation note for capital improvements in the amount of \$35,000,000 at an interest rate of .178% which matures on July 21, 2022.

## **XVIII. COVID-19**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the School’s financial condition, liquidity, voter approved budgets, and future results of operations. Management is actively monitoring the global situation on its financial condition, budgets, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The School District was awarded three different stimulus packages known as Coronavirus Aid, Relief and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), and the American Rescue Plan Act (ARPA). New York State Required the CARES funds to be reported in the General fund, as an offset to state aid reductions, referred to as the Pandemic Adjustment, while the CRRSA and ARPA funds are required to be reported in the special aid fund.

The District reported \$1,034,981 in CARES revenues and expenditures during the 2021 fiscal year and has submitted the CRRSA and ARPA funding applications to the New York State Education Department for approval. All three stimulus funds may be used for pre-award costs dating back to March 13, 2020, when the national emergency was declared. The District also provided free breakfast and lunches to all students (except those who opted out) through the National School Breakfast and Lunch Program.

**Required Supplementary Information**  
**OSWEGO CITY SCHOOL DISTRICT, NEW YORK**  
**Schedule of Changes in District's Total OPEB Liability and Related Ratio**  
**For The Year Ended June 30, 2021**

<b>TOTAL OPEB LIABILITY</b>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 7,747,532	\$ 6,597,898	\$ 7,535,004	\$ 11,038,711
Interest	8,892,509	9,889,694	9,321,250	9,425,013
Changes in benefit terms	(179,187)	(454,016)	(821,409)	(15,098,360)
Differences between expected and actual experiences	-	(15,196,329)	-	9,233,530
Changes of assumptions or other inputs	60,746,616	4,110,745	(11,302,626)	(76,175,877)
Benefit payments	<u>(7,734,747)</u>	<u>(7,412,425)</u>	<u>(6,929,745)</u>	<u>(6,466,146)</u>
<b>Net Change in Total OPEB Liability</b>	<b>\$ 69,472,723</b>	<b>\$ (2,464,433)</b>	<b>\$ (2,197,526)</b>	<b>\$ (68,043,129)</b>
<b>Total OPEB Liability - Beginning</b>	<b>\$ 250,191,509</b>	<b>\$ 252,655,942</b>	<b>\$ 254,853,468</b>	<b>\$ 322,896,597</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 319,664,232</b>	<b>\$ 250,191,509</b>	<b>\$ 252,655,942</b>	<b>\$ 254,853,468</b>
Covered Employee Payroll	\$ 39,494,680	\$ 39,513,332	\$ 37,135,900	\$ 32,947,562
Total OPEB Liability as a Percentage of Covered				
Employee Payroll	809.39%	633.18%	680.35%	773.51%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

**Required Supplementary Information**  
**OSWEGO CITY SCHOOL DISTRICT, NEW YORK**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**For The Year Ended June 30, 2021**

<b>NYSERS Pension Plan</b>						
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (assets)	0.0236%	0.023247%	0.022742%	0.023079%	0.025089%	0.027176%
Proportionate share of the net pension liability (assets)	\$ 23,460	\$ 6,155,911	\$ 1,611,341	\$ 744,871	\$ 2,357,408	\$ 4,361,882
Covered-employee payroll	\$ 7,896,945	\$ 7,425,885	\$ 7,114,966	\$ 6,901,264	\$ 7,576,412	\$ 7,591,556
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	0.297%	82.898%	22.647%	10.793%	31.115%	57.457%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%

<b>NYSTRS Pension Plan</b>						
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (assets)	0.1827%	0.178793%	0.172153%	0.167682%	0.187688%	0.197922%
Proportionate share of the net pension liability (assets)	\$ 5,047,849	\$ (4,645,051)	\$ 3,112,972	\$ (1,274,547)	\$ 2,010,214	\$ (20,557,757)
Covered-employee payroll	\$ 32,044,085	\$ 31,356,569	\$ 30,327,464	\$ 28,576,655	\$ 27,050,459	\$ 28,962,100
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	15.753%	-14.814%	10.265%	-4.460%	7.431%	-70.982%
Plan fiduciary net position as a percentage of the total pension liability	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

**Required Supplementary Information**  
**OSWEGO CITY SCHOOL DISTRICT, NEW YORK**  
**Schedule of District Contributions**  
**For The Year Ended June 30, 2021**

<b>NYSERS Pension Plan</b>						
	<u><b>2021</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>
Contractually required contributions	\$ 1,116,650	\$ 1,063,084	\$ 1,032,640	\$ 1,117,639	\$ 1,157,543	\$ 1,296,816
Contributions in relation to the contractually required contribution	<u>(1,116,650)</u>	<u>(1,063,084)</u>	<u>(1,032,640)</u>	<u>(1,117,639)</u>	<u>(1,157,543)</u>	<u>(1,296,816)</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered-employee payroll	\$ 7,896,945	\$ 7,425,885	\$ 7,114,966	\$ 6,901,264	\$ 7,576,412	\$ 7,591,556
Contributions as a percentage of covered-employee payroll	14.14%	14.32%	14.51%	16.19%	15.28%	17.08%
<b>NYSTRS Pension Plan</b>						
	<u><b>2021</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>
Contractually required contributions	\$ 3,421,396	\$ 3,092,010	\$ 3,498,692	\$ 3,075,297	\$ 3,343,060	\$ 4,099,961
Contributions in relation to the contractually required contribution	<u>(3,421,396)</u>	<u>(3,092,010)</u>	<u>(3,498,692)</u>	<u>(3,075,297)</u>	<u>(3,343,060)</u>	<u>(4,099,961)</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered-employee payroll	\$ 32,044,085	\$ 31,356,569	\$ 30,327,464	\$ 28,576,655	\$ 27,050,459	\$ 28,962,100
Contributions as a percentage of covered-employee payroll	10.68%	9.86%	11.54%	10.76%	12.36%	14.16%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

**Required Supplementary Information**  
**OSWEGO CITY SCHOOL DISTRICT, NEW YORK**  
**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>Amended Budget</u>	<u>Current Year's Revenues</u>	<u>Over (Under) Revised Budget</u>
<b>REVENUES</b>				
<b>Local Sources -</b>				
Real property taxes	\$ 47,193,448	\$ 23,013,852	\$ 23,659,559	\$ 645,707
Real property tax items	4,522,492	28,702,088	28,665,802	(36,286)
Non-property taxes	75,000	75,000	-	(75,000)
Charges for services	5,750	5,750	19,905	14,155
Use of money and property	154,500	154,500	6,538	(147,962)
Sale of property and compensation for loss	244,000	244,000	413,884	169,884
Miscellaneous	1,644,249	1,644,249	2,724,781	1,080,532
Interfund revenues	40,000	40,000	51,825	11,825
<b>State Sources -</b>				
Basic formula	33,363,205	33,363,205	20,845,010	(12,518,195)
Lottery aid	-	-	6,097,239	6,097,239
BOCES	-	-	4,598,280	4,598,280
Textbooks	-	-	167,681	167,681
<b>All Other Aid -</b>				
Computer software	-	-	129,746	129,746
Library loan	-	-	24,037	24,037
Other aid	125,000	125,000	236,975	111,975
<b>Federal Sources</b>	<u>200,000</u>	<u>200,000</u>	<u>1,345,306</u>	<u>1,145,306</u>
<b>TOTAL REVENUES</b>	<u>\$ 87,567,644</u>	<u>\$ 87,567,644</u>	<u>\$ 88,986,568</u>	<u>\$ 1,418,924</u>
<b>Other Sources -</b>				
Transfer - in	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
<b>TOTAL REVENUES AND OTHER SOURCES</b>	<u>\$ 87,667,644</u>	<u>\$ 87,667,644</u>	<u>\$ 88,986,568</u>	<u>\$ 1,318,924</u>
Appropriated reserves	<u>\$ -</u>	<u>\$ 823,000</u>		
Appropriated fund balance	<u>\$ 837,811</u>	<u>\$ 1,587,811</u>		
Prior year encumbrances	<u>\$ 52,083</u>	<u>\$ 52,083</u>		
<b>TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND BALANCE</b>	<u><u>\$ 88,557,538</u></u>	<u><u>\$ 90,130,538</u></u>		

**Required Supplementary Information**  
**OSWEGO CITY SCHOOL DISTRICT, NEW YORK**  
**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</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Current</u> <u>Year's</u> <u>Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered</u> <u>Balances</u>
<b>EXPENDITURES</b>					
<b>General Support -</b>					
Board of education	\$ 23,500	\$ 24,256	\$ 17,428	\$ 136	\$ 6,692
Central administration	450,380	448,494	426,951	-	21,543
Finance	752,549	746,409	644,762	14,341	87,306
Staff	640,969	629,068	458,829	541	169,698
Central services	6,056,231	6,285,798	5,391,140	189,607	705,051
Special items	2,110,311	2,110,311	2,000,157	-	110,154
<b>Instructional -</b>					
Instruction, administration and improvement	3,160,843	3,097,774	2,970,876	1,211	125,687
Teaching - regular school	21,339,821	22,693,809	21,409,118	49,943	1,234,748
Programs for children with handicapping conditions	10,394,185	10,394,185	9,681,132	-	713,053
Occupational education	1,471,733	1,471,733	1,447,760	-	23,973
Teaching - special schools	1,871,875	1,872,555	1,640,553	-	232,002
Instructional media	1,691,160	2,021,920	1,928,578	45,165	48,177
Pupil services	3,398,233	3,236,659	3,114,793	23,424	98,442
<b>Pupil Transportation</b>	3,347,248	3,347,317	2,486,737	25,988	834,592
<b>Employee Benefits</b>	24,611,575	24,611,575	22,734,267	-	1,877,308
<b>Debt service - principal</b>	5,511,000	5,511,000	5,511,000	-	-
<b>Debt service - interest</b>	1,625,925	1,527,675	1,475,923	-	51,752
<b>TOTAL EXPENDITURES</b>	<u>\$ 88,457,538</u>	<u>\$ 90,030,538</u>	<u>\$ 83,340,004</u>	<u>\$ 350,356</u>	<u>\$ 6,340,178</u>
<b>Other Uses -</b>					
Transfers - out	\$ 100,000	\$ 100,000	\$ 32,144	\$ -	\$ 67,856
<b>TOTAL EXPENDITURES AND OTHER USES</b>	<u>\$ 88,557,538</u>	<u>\$ 90,130,538</u>	<u>\$ 83,372,148</u>	<u>\$ 350,356</u>	<u>\$ 6,408,034</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,614,420</u>		
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>17,158,321</u>	<u>17,158,321</u>	<u>17,158,321</u>		
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 17,158,321</u>	<u>\$ 17,158,321</u>	<u>\$ 22,772,741</u>		

**Note to Required Supplementary Information:**

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

**Supplementary Information**  
**OSWEGO CITY SCHOOL DISTRICT, NEW YORK**  
**Schedule of Change From Adopted Budget To Final Budget**  
**And The Real Property Tax Limit**  
**For The Year Ended June 30, 2021**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:**

Adopted budget		\$ 88,505,455
Prior year's encumbrances		52,083
<b>Original Budget</b>		<u>\$ 88,557,538</u>
Budget revisions -		
Technology Purchases		823,000
Unanticipated COVID-19 Expenditures		750,000
<b>FINAL BUDGET</b>		<u><u><b>\$ 90,130,538</b></u></u>

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

2021-22 voter approved expenditure budget		\$ 91,159,811
<u>Unrestricted fund balance:</u>		
Assigned fund balance	\$ 350,356	
Unassigned fund balance	3,646,392	
Total Unrestricted fund balance	<u>\$ 3,996,748</u>	
<u>Less adjustments:</u>		
Encumbrances included in assigned fund balance	<u>\$ 350,356</u>	
Total adjustments	<u>\$ 350,356</u>	
General fund fund balance subject to Section 1318 of		
Real Property Tax Law		<u>3,646,392</u>
<b>ACTUAL PERCENTAGE</b>		<u><u><b>4.00%</b></u></u>

Supplementary Information  
**OSWEGO CITY SCHOOL DISTRICT, NEW YORK**  
**CAPITAL PROJECTS FUND**  
**Schedule of Project Expenditures**  
**For The Year Ended June 30, 2021**

Project Title	Expenditures					Unexpended Balance	Methods of Financing				Fund Balance
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total		Obligations	Local Sources	Transfers	Total	
2016-17 Renovations	\$ 750,000	\$ 1,814,996	\$ 1,490,079	\$ -	\$ 1,490,079	\$ 324,917	\$ -	\$ 750,000	\$ 1,064,996	\$ 1,814,996	\$ 324,917
2017-18 Bus Purchase	600,000	600,000	594,930	-	594,930	5,070	600,000	-	-	600,000	5,070
2018-19 Bus Purchase	681,106	681,106	574,548	-	574,548	106,558	577,000	-	-	577,000	2,452
2019-20 Bus Purchase	911,000	911,000	902,089	-	902,089	8,911	911,000	-	-	911,000	8,911
2020-21 Bus Purchase	220,000	220,000	-	188,811	188,811	31,189	220,000	-	-	220,000	31,189
HCIP 18-19	63,100,000	63,100,000	6,814,841	18,020,488	24,835,329	38,264,671	-	5,900,000	-	5,900,000	(18,935,329)
2020-21 Emergency Project	5,600,000	5,600,000	-	1,799,213	1,799,213	3,800,787	-	-	-	-	(1,799,213)
<b>TOTAL</b>	<b>\$ 71,862,106</b>	<b>\$ 72,927,102</b>	<b>\$ 10,376,487</b>	<b>\$ 20,008,512</b>	<b>\$ 30,384,999</b>	<b>\$ 42,542,103</b>	<b>\$ 2,308,000</b>	<b>\$ 6,650,000</b>	<b>\$ 1,064,996</b>	<b>\$ 10,022,996</b>	<b>\$ (20,362,003)</b>

**Supplementary Information**  
**OSWEGO CITY SCHOOL DISTRICT, NEW YORK**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2021**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Special Aid Fund	School Lunch Fund	Miscellaneous Special Revenue Fund	Debt Service Fund	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 760,326	\$ 61,283	\$ 355,748	\$ 527,255	\$ 1,704,612
Receivables	1,726,330	340,760	-	-	2,067,090
Inventories	-	75,935	-	-	75,935
Due from other funds	143,729	-	-	205,870	349,599
<b>TOTAL ASSETS</b>	<b>\$ 2,630,385</b>	<b>\$ 477,978</b>	<b>\$ 355,748</b>	<b>\$ 733,125</b>	<b>\$ 4,197,236</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b><u>Liabilities -</u></b>					
Accounts payable	\$ 126,494	\$ 45,953	\$ -	\$ -	\$ 172,447
Accrued liabilities	500	5,159	-	-	5,659
Due to other funds	2,469,642	834,724	-	-	3,304,366
Compensated Absences	-	613	-	-	613
Unearned revenue	34,413	31,833	-	-	66,246
<b>TOTAL LIABILITIES</b>	<b>\$ 2,631,049</b>	<b>\$ 918,282</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,549,331</b>
<b><u>Fund Balances -</u></b>					
Nonspendable	\$ -	\$ 75,935	\$ -	\$ -	\$ 75,935
Restricted	-	-	355,748	733,125	1,088,873
Unassigned	(664)	(516,239)	-	-	(516,903)
<b>TOTAL FUND BALANCE</b>	<b>\$ (664)</b>	<b>\$ (440,304)</b>	<b>\$ 355,748</b>	<b>\$ 733,125</b>	<b>\$ 647,905</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,630,385</b>	<b>\$ 477,978</b>	<b>\$ 355,748</b>	<b>\$ 733,125</b>	<b>\$ 4,197,236</b>

**Supplementary Information**  
**OSWEGO CITY SCHOOL DISTRICT, NEW YORK**  
**Combined Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For The Year Ended June 30, 2021**

	Special Revenue Funds			Debt Service Fund	Total Nonmajor Governmental Funds
	Special Aid Fund	School Lunch Fund	Miscellaneous Special Revenue Fund		
<b>REVENUES</b>					
Use of money and property	\$ -	\$ -	\$ -	\$ 6,110	\$ 6,110
Miscellaneous	34,147	2,332	24,756	-	61,235
State sources	814,746	30,063	-	-	844,809
Federal sources	2,917,529	950,020	-	-	3,867,549
Sales	-	703	-	-	703
<b>TOTAL REVENUES</b>	<b>\$ 3,766,422</b>	<b>\$ 983,118</b>	<b>\$ 24,756</b>	<b>\$ 6,110</b>	<b>\$ 4,780,406</b>
<b>EXPENDITURES</b>					
Instruction	\$ 3,181,574	\$ -	\$ -	\$ -	\$ 3,181,574
Employee benefits	616,992	136,627	-	-	753,619
Cost of sales	-	386,263	-	-	386,263
Other expenses	-	604,774	62,208	-	666,982
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,798,566</b>	<b>\$ 1,127,664</b>	<b>\$ 62,208</b>	<b>\$ -</b>	<b>\$ 4,988,438</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (32,144)</b>	<b>\$ (144,546)</b>	<b>\$ (37,452)</b>	<b>\$ 6,110</b>	<b>\$ (208,032)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers - in	\$ 32,144	\$ -	\$ -	\$ -	\$ 32,144
Premium on obligations issued	-	-	-	243,625	243,625
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 32,144</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 243,625</b>	<b>\$ 275,769</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ (144,546)</b>	<b>\$ (37,452)</b>	<b>\$ 249,735</b>	<b>\$ 67,737</b>
<b>FUND BALANCE, BEGINNING OF YEAR (restated)</b>	<b>(664)</b>	<b>(295,758)</b>	<b>393,200</b>	<b>483,390</b>	<b>580,168</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ (664)</b>	<b>\$ (440,304)</b>	<b>\$ 355,748</b>	<b>\$ 733,125</b>	<b>\$ 647,905</b>

**Supplementary Information**  
**OSWEGO CITY SCHOOL DISTRICT, NEW YORK**  
**Net Investment in Capital Assets**  
**For The Year Ended June 30, 2021**

<b>Capital assets, net</b>		\$ 100,288,664
<b>Add:</b>		
Unspent bond proceeds	\$ 47,622	
	<u>47,622</u>	47,622
<b>Deduct:</b>		
Bond payable	\$ 28,680,000	
Assets purchased with short-term financing	20,734,542	
	<u>49,414,542</u>	<u>49,414,542</u>
<b>Net Investment in Capital Assets</b>		<b><u><u>\$ 50,921,744</u></u></b>

**Supplementary Information**  
**OSWEGO CITY SCHOOL DISTRICT, NEW YORK**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended June 30, 2021**

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>Assistance Listing Number</u>	<u>Grantor Number</u>	<u>Pass-Through Agency Number</u>	<u>Total Expenditures</u>
<b><u>U.S. Department of Education:</u></b>				
<b><u>Indirect Programs:</u></b>				
<b><u>Passed Through NYS Education Department -</u></b>				
<b><u>Special Education Cluster IDEA -</u></b>				
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-21-0715	\$ 999,629
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-21-0715	44,809
<b>Total Special Education Cluster IDEA</b>				<b>\$ 1,044,438</b>
<b><u>Education Stabilization Fund -</u></b>				
CARES Act - ESSER	84.425D	N/A	5890-21-2835	\$ 846,458
CARES Act - GEER	84.425C	N/A	5895-21-2835	188,523
<b>Total Education Stabilization Fund</b>				<b>\$ 1,034,981</b>
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0147-20-2355	49,328
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0147-21-2355	187,887
Title I - School Improvements	84.010	N/A	0011-20-2156	2,116
Title I - School Improvements	84.010	N/A	0011-21-2156	236,845
Title III - ELL	84.365	N/A	0293-20-2355	774
Title III - ELL	84.365	N/A	0293-21-2355	1,676
Title IV - SSAE Allocation	84.424	N/A	0204-20-2355	3,033
Title IV - SSAE Allocation	84.424	N/A	0204-21-2355	62,888
Title V - Developing Hispanic-Serving Institutions Program	84.358	N/A	0006-20-2355	72,076
Education of Homeless Children & Youth	84.196	N/A	0212-21-3020	48,755
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-20-2355	50,693
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-21-2355	1,157,020
<b>Total U.S. Department of Education</b>				<b>\$ 3,952,510</b>
<b><u>U.S. Department of Agriculture:</u></b>				
<b><u>Indirect Programs:</u></b>				
<b><u>Passed Through NYS Education Department -</u></b>				
<b><u>Child Nutrition Cluster -</u></b>				
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	N/A	N/A	\$ 102,616
Summer Food Service Program - COVID	10.559	N/A	N/A	877,467
<b>Total Child Nutrition Cluster</b>				<b>\$ 980,083</b>
<b>Total U.S. Department of Agriculture</b>				<b>\$ 980,083</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ 4,932,593</b>

**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance With  
*Government Auditing Standards***

**Independent Auditors' Report**

To the Board of Education  
Oswego City School District, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oswego City School District, New York, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Oswego City School District, New York's basic financial statements, and have issued our report thereon dated October 15, 2021.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Oswego City School District, New York's internal control over financial reporting 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 the Oswego City School District, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Oswego City School District, New York'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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Oswego City School District, New York'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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mengel, Metzger, Barw & Co. LLP*

Rochester, New York  
October 15, 2021