

**NEWFANE CENTRAL
SCHOOL DISTRICT**

FINANCIAL STATEMENTS

JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Newfane Central School District

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Change in Accounting Principle

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.


September 21, 2021

Management's Discussion and Analysis (unaudited)

June 30, 2021

Introduction

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

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

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

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

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

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

Condensed Statement of Net Position	2021	2020	Change	
			\$	%
Current and other assets	\$ 27,908,000	\$ 30,520,000	\$ (2,612,000)	(8.6%)
Capital assets	31,396,000	30,738,000	658,000	2.1%
Total assets	59,304,000	61,258,000	(1,954,000)	(3.2%)
Deferred outflows of resources	19,885,000	16,515,000	3,370,000	20.4%
Long-term liabilities	63,238,000	61,624,000	1,614,000	2.6%
Other liabilities	2,439,000	1,654,000	785,000	47.5%
Total liabilities	65,677,000	63,278,000	2,399,000	3.8%
Deferred inflows of resources	12,592,000	11,847,000	745,000	6.3%
Net position				
Net investment in capital assets	26,834,000	24,366,000	2,468,000	10.1%
Restricted	19,212,000	21,811,000	(2,599,000)	(11.9%)
Unrestricted	(45,126,000)	(43,529,000)	(1,597,000)	3.7%
Total net position	\$ 920,000	\$ 2,648,000	\$ (1,728,000)	(65.3%)

The District's net position at June 30, 2021 and 2020 was \$920,000 and \$2,648,000, respectively. A significant portion of the District's net position reflects its investment in capital assets consisting of land, buildings and improvements, and furniture and equipment, less outstanding debt used to acquire those assets. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending. This balance is offset by the District's deficit unrestricted net position. This deficit is a result of the recognition of other postemployment benefits (OPEB) offered by the District to employees upon retirement.

The District's net position also includes resources that are subject to external restrictions on how they may be used, which includes scholarships held for the benefit of students and reserves set aside for specific purposes governed by statutory law and regulations. Such reserves include the capital reserve, which is used for the acquisition or construction of capital facilities; the debt service reserve, which is used for the repayment of bonds issued to finance capital projects; the employee benefit accrued liability reserve, which is restricted to pay for accumulated sick and vacation time; the retirement contribution reserve, used to fund required District contributions to the New York State Teachers' Retirement System (TRS) and New York State and Local Employees' Retirement System (ERS); and a reserve for unemployment insurance, which is restricted for unemployment claims.

Total assets decreased by \$1,954,000 (\$696,000 or 1.1% increase in 2020). Current and other assets decreased \$2,612,000 (\$1,296,000 or 4.4% increase in 2020) due to current year capital spending and the conversion of the District's share of the TRS net pension position from an asset of \$1,852,000 to a net pension liability of \$1,869,000. Capital assets increased \$658,000 (\$600,000 or 1.9% decrease in 2020) due to current year additions in excess of depreciation.

Many of the District's employees participate in TRS and ERS. Amounts reported as net pension asset, net pension liability, and deferred outflows and deferred inflows of resources related to pensions relate to these two retirement plans. Changes in these balances, along with changes in the total OPEB liability and deferred outflows and deferred inflows related to OPEB, are heavily influenced by actuarial assumptions. See the footnotes to the financial statements for further details. Long-term liabilities increased \$1,614,000 (increase of \$3,647,000 or 6.3% in 2020) primarily from increases in the District's total OPEB liability, offset by required debt payments.

Condensed Statement of Activities	2021	2020	Change	
			\$	%
Revenues				
Program revenues				
Charges for services	\$ 518,000	\$ 661,000	\$ (143,000)	(21.6%)
Operating grants and contributions	1,829,000	1,811,000	18,000	1.0%
General revenues				
Property taxes	13,746,000	13,620,000	126,000	0.9%
State aid	17,523,000	17,821,000	(298,000)	(1.7%)
Other	499,000	614,000	(115,000)	(18.7%)
Total revenues	34,115,000	34,527,000	(412,000)	(1.2%)
Expenses				
Instruction	27,699,000	27,514,000	185,000	0.7%
Support services				
General support	4,922,000	4,860,000	62,000	1.3%
Pupil transportation	2,577,000	1,752,000	825,000	47.1%
Food service	598,000	635,000	(37,000)	(5.8%)
Interest	84,000	177,000	(93,000)	(52.5%)
Total expenses	35,880,000	34,938,000	942,000	2.7%
Change in net position	(1,765,000)	(411,000)	(1,354,000)	329.4%
Net position – beginning	2,648,000	3,059,000	(411,000)	(13.4%)
Cumulative effect of GASB 84	37,000	-	37,000	
Net position – ending	\$ 920,000	\$ 2,648,000	\$ (1,728,000)	(65.3%)

District revenues decreased \$412,000 (decrease of \$97,000 or 0.3% in 2020). State aid decreased \$298,000 (increase of \$463,000 or 2.7% in 2020) as a result of less transportation aid received during the year.

Total expenses increased \$942,000 (\$143,000 or 0.4% increase in 2020). Pupil transportation increased \$825,000 primarily due to the return of in-person instruction in the current year. BOCES services increased \$414,000 (decrease of \$37,000 or 1.0% in 2020) due to the need for additional services for students with special needs and computer-assisted instruction.

Financial Analysis of the District's Funds

Total fund balances for the governmental funds decreased from \$27,024,000 to \$25,477,000 as described below:

- Total fund revenue decreased \$707,000 or 2.0% (increase of \$443,000 or 1.3% in 2020) mainly due to a decrease in State aid, as noted previously.
- Total fund expenditures increased \$2,833,000 or 8.6% (decrease of \$3,029,000 or 8.4% in 2020) due to increases in transportation costs, as previously mentioned, and an increase in capital outlay expenditures as a new capital project is underway.
- The general fund experienced a decrease in fund balance of \$6,689,000 during 2020 compared to an increase of \$1,897,000 during 2020. This decrease was primarily the result of a \$7,109,000 transfer to the capital projects fund for project costs.

General Fund Budgetary Highlights

Total revenue of \$32,359,000 was less than budgeted revenue by \$338,000 due to less State aid than expected.

Actual expenditures and carryover encumbrances were less than the final amended budget by \$3,806,000. The difference is attributable to many factors and unknown items when the budget was prepared, as well as the impact of COVID-19 on current year programs and services. The District was able to generate savings in employee benefits and instruction.

Capital Assets

	2021	2020
Land	\$ 453,000	\$ 453,000
Construction in progress	1,523,000	-
Land improvements	1,015,000	1,015,000
Buildings and improvements	52,163,000	52,063,000
Furniture and equipment	7,797,000	7,683,000
Vehicles	372,000	347,000
	<u>63,323,000</u>	61,561,000
Accumulated depreciation	<u>(31,927,000)</u>	(30,823,000)
	<u>\$ 31,396,000</u>	<u>\$ 30,738,000</u>

Current year additions of \$1,762,000 were offset by depreciation expense of \$1,104,000.

Debt

At June 30, 2021, the District had \$4,110,000 in bonds outstanding, with \$1,750,000 due within one year (\$5,800,000 outstanding at June 30, 2020).

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

Current Financial Issues and Concerns

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

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

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact Kevin Klumpp, Treasurer, Newfane Central School District, 6273 Charlotteville Road, Newfane, New York 14108.

NEWFANE CENTRAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2021

(With comparative totals as of June 30, 2020)

	2021	2020
Assets		
Cash	\$ 21,270,256	\$ 22,399,960
Due from other governments, net	927,425	570,479
State and federal aid receivable, net	681,154	1,459,086
Due from fiduciary funds	-	219,328
Inventory	29,344	33,680
Investments	4,999,785	3,985,728
Net pension asset	-	1,851,514
Capital assets (Note 6)	63,322,619	61,561,128
Accumulated depreciation	(31,927,104)	(30,823,223)
Total assets	59,303,479	61,257,680
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	8,606,741	7,614,818
Deferred outflows of resources related to OPEB	11,278,155	8,899,888
Total deferred outflows of resources	19,884,896	16,514,706
Liabilities		
Accounts payable	863,936	191,280
Accrued liabilities	332,964	271,886
Due to retirement systems	1,230,383	1,177,398
Due to other governments	2,865	5,101
Unearned revenue	8,139	7,873
Long-term liabilities		
Bonds due within one year	1,750,000	1,690,000
Due beyond one year:		
Bonds and related premiums	2,812,080	4,681,933
Net pension liability	1,877,843	2,296,225
Total OPEB liability	56,798,536	52,955,998
Total liabilities	65,676,746	63,277,694
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	3,657,296	2,842,204
Deferred inflows of resources related to OPEB	8,934,220	9,004,839
Total deferred inflows of resources	12,591,516	11,847,043
Net Position		
Net investment in capital assets	26,833,435	24,365,972
Restricted	19,212,288	21,810,847
Unrestricted deficit	(45,125,610)	(43,529,170)
Total net position	\$ 920,113	\$ 2,647,649

See accompanying notes.

NEWFANE CENTRAL SCHOOL DISTRICT

Statement of Activities

For the year ended June 30, 2021

(With summarized comparative totals for June 30, 2020)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	2021	2020
Governmental activities					
General support	\$ 4,921,708	\$ 211,750	\$ -	\$ (4,709,958)	\$ (4,526,544)
Instruction	27,699,167	288,380	1,257,781	(26,153,006)	(25,942,973)
Pupil transportation	2,577,240	-	-	(2,577,240)	(1,752,401)
Interest expense	84,122	-	-	(84,122)	(177,428)
School food service	597,546	17,591	571,596	(8,359)	(67,476)
	<u>\$ 35,879,783</u>	<u>\$ 517,721</u>	<u>\$ 1,829,377</u>	<u>(33,532,685)</u>	<u>(32,466,822)</u>
General revenues					
				13,745,588	13,620,114
Real property taxes				499,163	613,989
Miscellaneous				17,522,946	17,820,896
State aid				31,767,697	32,054,999
Total general revenues				13,745,588	13,620,114
Change in net position				(1,764,988)	(411,823)
Net position - beginning				2,647,649	3,059,472
Cumulative effect of a change in accounting principle (Note 2)				37,452	-
Net position - beginning as restated				2,685,101	3,059,472
Net position - ending				\$ 920,113	\$ 2,647,649

NEWFANE CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2021

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

	General	Capital Projects	Special Aid	School Lunch	Debt Service	Miscellaneous Special Revenue	Total Governmental Funds	
							2021	2020
Assets								
Cash	\$ 20,079,904	\$ 208,499	\$ 214,503	\$ 93,011	\$ 547,732	\$ 126,607	\$ 21,270,256	\$ 22,399,960
Due from other governments, net	588,689	-	338,481	255	-	-	927,425	570,479
State and federal aid receivable, net	569,367	-	-	111,787	-	-	681,154	1,459,086
Due from other funds, net	-	5,719,438	-	-	-	1,161	5,720,599	943,371
Inventory	-	-	-	29,344	-	-	29,344	33,680
Investments	4,999,785	-	-	-	-	-	4,999,785	3,985,728
Total assets	\$ 26,237,745	\$ 5,927,937	\$ 552,984	\$ 234,397	\$ 547,732	\$ 127,768	\$ 33,628,563	\$ 29,392,304
Liabilities and Fund Balances								
Accounts payable	\$ 333,091	\$ 527,055	\$ 514	\$ 3,276	\$ -	\$ -	\$ 863,936	\$ 191,280
Accrued liabilities	313,406	-	-	11,633	-	925	325,964	262,886
Due to retirement systems	1,230,383	-	-	-	-	-	1,230,383	1,177,398
Due to other funds, net	5,066,641	-	549,940	104,018	-	-	5,720,599	724,043
Due to other governments	-	-	2,530	335	-	-	2,865	5,101
Unearned revenue	-	-	-	8,139	-	-	8,139	7,873
Total liabilities	6,943,521	527,055	552,984	127,401	-	925	8,151,886	\$ 2,368,581
Fund Balances								
Nonspendable:								
Inventory	-	-	-	29,344	-	-	29,344	33,680
Restricted:								
Debt service	-	-	-	-	547,732	-	547,732	990,868
Employee benefit accrued liability	12,116,777	-	-	-	-	-	12,116,777	12,801,054
Unemployment insurance	151,889	-	-	-	-	-	151,889	351,580
Retirement contribution	668,165	-	-	-	-	-	668,165	667,345
Workers' compensation	200,000	-	-	-	-	-	200,000	-
Capital	-	5,400,882	-	-	-	-	5,400,882	7,000,000
Scholarships	-	-	-	-	-	126,843	126,843	-
Assigned:								
Designated for subsequent year's expenditures	990,991	-	-	-	-	-	990,991	3,310,961
Other purposes	451,631	-	-	77,652	-	-	529,283	894,429
Unassigned	4,714,771	-	-	-	-	-	4,714,771	973,806
Total fund balances (deficit)	19,294,224	5,400,882	-	106,996	547,732	126,843	25,476,677	27,023,723
Total liabilities and fund balances	\$ 26,237,745	\$ 5,927,937	\$ 552,984	\$ 234,397	\$ 547,732	\$ 127,768	\$ 33,628,563	\$ 29,392,304

See accompanying notes.

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

June 30, 2021

Total fund balances - governmental funds		\$ 25,476,677
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 as assets in the governmental funds.		31,395,515
The District's proportionate share of the net pension position as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:		
Deferred outflows of resources related to pensions	8,606,741	
Net pension liability	(1,877,843)	
Deferred inflows of resources related to pensions	<u>(3,657,296)</u>	3,071,602
The District's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:		
Deferred outflows of resources related to OPEB	11,278,155	
Total OPEB liability	(56,798,536)	
Deferred inflows of resources related to OPEB	<u>(8,934,220)</u>	(54,454,601)
Certain liabilities are not due and payable currently and therefore are not reported as liabilities in the governmental funds. These liabilities are:		
Bonds and related premiums	(4,562,080)	
Accrued interest	<u>(7,000)</u>	(4,569,080)
Net position - governmental activities		<u>\$ 920,113</u>

NEWFANE CENTRAL SCHOOL DISTRICT

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

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

	General	Capital Projects	Special Aid	School Lunch	Debt Service	Miscellaneous Special Revenue	Total Governmental Funds	
							2021	2020
Revenues								
Real property taxes	\$ 11,252,884	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,252,884	\$ 10,968,327
Real property tax items	2,492,704	-	-	-	-	-	2,492,704	2,651,787
Charges for services	288,380	-	-	-	-	-	288,380	298,748
Use of money and property	243,427	-	-	4	6,864	-	250,295	375,977
Sale of property and compensation for loss	1,642	-	-	-	-	-	1,642	468
Miscellaneous	355,206	-	-	2,529	-	101,241	458,976	453,068
Interfund revenue	-	-	-	-	-	-	-	24,000
State sources	17,522,946	-	297,619	18,253	-	-	17,838,818	18,542,153
Federal sources	201,873	-	758,289	553,343	-	-	1,513,505	1,360,478
Sales	-	-	-	17,591	-	-	17,591	146,283
Total revenues	32,359,062	-	1,055,908	591,720	6,864	101,241	34,114,795	34,821,289
Expenditures								
General support	3,596,723	-	-	325,219	-	11,850	3,933,792	3,838,423
Instruction	16,838,674	-	1,073,535	-	-	-	17,912,209	17,416,510
Pupil transportation	2,540,049	-	-	-	-	-	2,540,049	1,670,776
Employee benefits	7,526,016	-	-	99,104	-	-	7,625,120	7,492,121
Debt service								
Principal	1,690,000	-	-	-	-	-	1,690,000	1,590,000
Interest	205,975	-	-	-	-	-	205,975	302,281
Cost of sales	-	-	-	167,362	-	-	167,362	192,574
Capital outlay	-	1,622,781	-	2,005	-	-	1,624,786	363,366
Total expenditures	32,397,437	1,622,781	1,073,535	593,690	-	11,850	35,699,293	32,866,051
Excess revenues (expenditures)	(38,375)	(1,622,781)	(17,627)	(1,970)	6,864	89,391	(1,584,498)	1,955,238
Other financing sources (uses)								
Operating transfers, net	(6,650,826)	7,107,199	17,627	(24,000)	(450,000)	-	-	-
Net change in fund balances	(6,689,201)	5,484,418	-	(25,970)	(443,136)	89,391	(1,584,498)	1,955,238
Fund balances (deficit) - beginning	25,983,425	(83,536)	-	132,966	990,868	-	27,023,723	25,068,485
Cumulative effect of a change in accounting principle (Note 2)	-	-	-	-	-	37,452	37,452	-
Fund balances (deficit) - beginning as restated	25,983,425	(83,536)	-	132,966	990,868	37,452	27,061,175	25,068,485
Fund balances - ending	\$ 19,294,224	\$ 5,400,882	\$ -	\$ 106,996	\$ 547,732	\$ 126,843	\$ 25,476,677	\$ 27,023,723

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

For the year ended June 30, 2021

Total net change in fund balances - governmental funds \$ (1,584,498)

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

Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of the assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense. 657,610

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

2021 TRS and ERS contributions	1,525,228	
2021 ERS accrued contribution	127,461	
2020 ERS accrued contribution	(128,460)	
2021 TRS net pension expense	(2,523,008)	
2021 ERS net pension expense	<u>(257,522)</u>	(1,256,301)

OPEB expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. (1,393,652)

Payments of long-term liabilities are reported as expenditures in the governmental funds and as a reduction of debt in the statement of net position. 1,690,000

In the statement of activities, certain expenses are measured by the amounts earned during the year.

In the governmental funds these expenditures are reported when paid. These differences are:

Amortization of bond premiums	119,853	
Interest	<u>2,000</u>	121,853

Change in net position - governmental activities \$ (1,764,988)

NEWFANE CENTRAL SCHOOL DISTRICT

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

For the year ended June 30, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
Revenues					
Local sources					
Real property taxes	\$ 13,685,014	\$ 11,252,884	\$ 11,252,884		\$ -
Real property tax items	67,966	2,500,096	2,492,704		(7,392)
Charges for services	20,000	20,000	288,380		268,380
Use of money and property	417,500	417,500	243,427		(174,073)
Sale of property and compensation for loss	1,000	1,000	1,642		642
Miscellaneous	148,000	148,000	355,206		207,206
Interfund revenue	24,000	24,000	-		(24,000)
State sources	18,313,548	18,313,548	17,522,946		(790,602)
Federal sources	20,000	20,000	201,873		181,873
Total revenues	32,697,028	32,697,028	32,359,062		(337,966)
Expenditures					
General support					
Board of education	77,317	141,781	127,441	-	(14,340)
Central administration	248,827	233,827	226,027	800	(7,000)
Finance	346,969	396,709	359,264	-	(37,445)
Staff	164,302	164,802	92,558	-	(72,244)
Central services	3,082,057	3,074,109	2,424,049	325,320	(324,740)
Special items	400,566	411,395	367,384	19,530	(24,481)
Instruction					
Instruction, administration, and improvement	1,093,352	1,118,939	1,045,916	25,515	(47,508)
Teaching - regular school	9,347,028	9,126,016	8,071,952	31,896	(1,022,168)
Programs for children with handicapping conditions	4,782,285	4,911,215	4,626,602	-	(284,613)
Occupational education	1,004,910	1,014,910	1,013,463	-	(1,447)
Teaching - special schools	65,165	53,870	3,399	-	(50,471)
Instructional media	565,509	705,296	682,250	4,160	(18,886)
Pupil services	1,678,884	1,711,025	1,395,092	33,598	(282,335)
Pupil transportation	2,913,963	2,823,128	2,540,049	10,812	(272,267)
Employee benefits	8,988,023	8,872,135	7,526,016	-	(1,346,119)
Debt service					
Principal	1,690,000	1,690,000	1,690,000	-	-
Interest	205,975	205,975	205,975	-	-
Total expenditures	36,655,132	36,655,132	32,397,437	451,631	(3,806,064)
Excess revenues (expenditures)	(3,958,104)	(3,958,104)	(38,375)	(451,631)	3,468,098
Other financing sources (uses)					
Operating transfers in	-	-	475,399		475,399
Operating transfers out	(148,000)	(7,148,000)	(7,126,225)		(21,775)
Appropriated fund balance and carryover encumbrances	4,106,104	11,106,104	-		(11,106,104)
Total other financing sources (uses)	3,958,104	3,958,104	(6,650,826)		(10,608,930)
Excess revenues (expenditures) and other financing sources (uses)	\$ -	\$ -	\$ (6,689,201)	\$ (451,631)	\$ (7,140,832)

See accompanying notes.

NEWFANE CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position - Custodial Fund

June 30, 2021

Assets

Cash	<u>\$ 82,004</u>
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Net Position

Extraclassroom activity balances	<u>\$ 82,004</u>
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NEWFANE CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position - Custodial Fund

For the year ended June 30, 2021

Additions

Property taxes collected for Newfane Public Library	\$ 125,878
Student activity receipts	36,199
Interest	<u>167</u>
	<u>162,244</u>

Deductions

Property taxes distributed to Newfane Public Library	125,878
Student activity disbursements	<u>51,203</u>
	<u>177,081</u>

Net position - beginning	37,452
Cumulative effect of a change in accounting principle (Note 2)	<u>59,389</u>
Net position - beginning as restated	<u>96,841</u>

Net position - ending	<u>\$ 82,004</u>
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Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Joint Venture

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

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

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

During the year ended June 30, 2021, the District was billed \$3,922,000 for BOCES administrative and program costs, recognized \$278,000 as a refund from prior year expenditures paid to BOCES, and received \$144,000 in rental income. Audited financial statements are available from BOCES' administrative offices.

Public Entity Risk Pools

The District participates in the Orleans/Niagara School Health Plan and the Niagara County Mutual Self-Insurance Plan, which are public entity risk pools. These plans are designed to provide health insurance and workers' compensation coverage for participating entities. These activities are further discussed in Note 10.

Basis of Presentation

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

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

- Direct expenses are those that are specifically associated with a program or are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the District's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state aid, are presented as general revenues.

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

The District reports the following major funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- *Capital projects fund.* This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

- *Special aid fund.* This fund is used to account for the proceeds of specific revenue sources – other than expendable trusts or major capital projects – such as federal, state, and local grants and awards that are restricted or committed to expenditure for specific purposes. Either governments or other third parties providing the grant funds impose these restrictions.
- *School lunch fund.* This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are assigned to the operation of the District's breakfast and lunch programs.
- *Debt service fund.* This fund is used to account for resources that are restricted to expenditure for principal and interest. Financial resources that are being accumulated for principal and interest payments maturing in future years are also included in this fund.
- *Miscellaneous special revenue fund.* This fund is used to account for resources that are restricted to student scholarships. Donations are made by third parties and District personnel manage the funds and assist with determination of scholarship recipients.

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

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

Basis of Accounting and Measurement Focus

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within ninety days after year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset purchases are reported as expenditures in governmental funds. Proceeds of long-term liabilities and equipment and property purchased under capital leases are reported as other financing sources.

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

Estimates

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

Property Taxes

The District levies real property taxes no later than September 1. For the year ended June 30, 2021, the tax lien was issued on August 4, 2020 for collection from September 1 through October 30, 2020. Thereafter, uncollected amounts became the responsibility of Niagara County and were submitted to the District by April 1st of the following year as required by law.

Budget Process, Amendments, and Encumbrances

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

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

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

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

Inventory

Inventory consists of food and similar food service goods related to school lunch operations and is recorded at the lower of first-in, first-out cost or net realizable value. Donated commodities are stated at values which approximate market.

Investments

Investments include U.S. Treasury Bills with maturities from three to six months and recorded at fair value on a recurring basis as determined by quotes prices in active markets.

Capital Assets

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

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

	Capitalization Policy	Estimated Useful Life in Years
Land improvements	\$ 5,000	20
Buildings and improvements	\$ 5,000	50
Furniture and fixtures	\$ 5,000	5 - 20
Vehicles	\$ 5,000	8

Bond Premiums

Premiums received upon the issuance of debt are included as other financing sources in the governmental funds statements when issued. In the government-wide statements, premiums are recognized with the related debt issue and amortized on a straight-line basis as a component of interest expense over the life of the related obligation.

Pensions

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

Other Postemployment Benefits (OPEB)

On the government-wide statements, the total OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense of the District's defined benefit healthcare plan (Note 9) have been measured on the same basis as reported by the plan. Benefit payments are due and payable in accordance with benefit terms.

Equity Classifications

Government-Wide Statements

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

Governmental Fund Statements

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

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

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

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

- *Debt service* – is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations (including bond and BAN premiums), and remaining bond proceeds not needed for their original purpose as required under §165 of Finance Law. This reserve must be used to pay the debt service obligations for which the original money was generated.
- *Employee benefit accrued liability* – is used to account for the payment of accumulated vacation and sick time due upon termination of an employee’s services. It is established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.
- *Unemployment insurance* – is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants as the District has elected to use the benefit reimbursement method.
- *Retirement contribution* – is used to finance retirement contributions payable to TRS and ERS. For TRS, funding is limited to 2% annually of eligible salaries with a maximum reserve of 10% of eligible salaries. At June 30, 2021, the retirement contribution reserve includes \$200,000 for TRS and \$468,165 for ERS.
- *Workers’ compensation* – is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers’ Compensation Law, and for payment of expenses of administering this program.
- *Capital* – is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. During 2020, a capital reserve was approved by District voters and funded to its limit of \$7,000,000.

Interfund Balances

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

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

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

2. Change in Accounting Principle

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

	Miscellaneous Special Revenue Fund	Total Government- Wide	Fiduciary Funds
Fund balance/net position/fiduciary net position, July 1, 2020	\$ -	\$ 2,647,649	\$ 37,452
Scholarship activity	37,452	37,452	(37,452)
Student activity accounts	-	-	96,841
Fund balance/net position/fiduciary net position, as restated, July 1, 2020	\$ 37,452	\$ 2,685,101	\$ 96,841

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

3. Stewardship and Compliance

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

4. Cash and Investments

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

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

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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. There is the prospect of a loss should those securities be sold prior to maturity. The District uses the specific identification method to identify the maturity for each investment and evaluate risk accordingly.

5. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 697,712	\$ 5,738,226	\$ 475,399	\$ 7,126,225
Special aid	17,627	593,694	17,627	-
Capital projects	5,719,438	-	7,108,598	1,399
School lunch	-	104,018	-	24,000
Debt service	-	-	-	450,000
Miscellaneous special revenue	1,161	-	-	-
	<u>\$ 6,435,938</u>	<u>\$ 6,435,938</u>	<u>\$ 7,601,624</u>	<u>\$ 7,601,624</u>

The District’s general fund provides cash flow to the various other funds; these amounts are repaid in the subsequent year when funds are received from the State after final expenditure reports have been submitted and approved or when permanent financing is obtained. The general fund made permanent transfers to the special aid fund to cover its share of costs related to the summer school handicap program and to the capital projects fund for project costs. The school lunch fund made permanent transfers to the general fund for the use of facilities and utilities. The debt service fund made a permanent transfer to the general fund for required principal payments on debt.

6. Capital Assets

	July 1, 2020	Increases	Retirements/ Reclassifications	June 30, 2021
Non-depreciable capital assets:				
Land	\$ 453,300	\$ -	\$ -	\$ 453,300
Construction in progress	-	1,522,781	-	1,522,781
Total non-depreciable assets	453,300	1,522,781	-	1,976,081
Depreciable capital assets:				
Land improvements	1,014,749	-	-	1,014,749
Buildings and improvements	52,063,275	100,000	-	52,163,275
Furniture and equipment	7,683,082	113,410	-	7,796,492
Vehicles	346,722	25,300	-	372,022
Total depreciable assets	61,107,828	238,710	-	61,346,538
Less accumulated depreciation:				
Land improvements	1,014,749	-	-	1,014,749
Buildings and improvements	22,833,925	852,839	-	23,686,764
Furniture and equipment	6,762,761	225,839	-	6,988,600
Vehicles	211,788	25,203	-	236,991
Total accumulated depreciation	30,823,223	1,103,881	-	31,927,104
Total depreciable assets, net	30,284,605	(865,171)	-	29,419,434
	\$ 30,737,905	\$ 657,610	\$ -	\$ 31,395,515

Depreciation expense has been allocated to the following functions: general support \$154,771, instruction \$944,841, pupil transportation \$413, and school food service \$3,856.

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

Capital assets, net of accumulated depreciation	\$ 31,395,515
Bonds and related premiums	(4,562,080)
	<u>\$ 26,833,435</u>

7. Long-Term Liabilities

	July 1, 2020	Increases	Decreases	June 30, 2021	Amount Due in One Year
Bonds	\$ 5,800,000	\$ -	\$ 1,690,000	\$ 4,110,000	\$ 1,750,000
Unamortized premiums					
2012 refunding bonds	125,286	-	79,127	46,159	-
2012 bonds	19,588	-	10,222	9,366	-
2019 bonds	427,059	-	30,504	396,555	-
	<u>\$ 6,371,933</u>	<u>\$ -</u>	<u>\$ 1,809,853</u>	<u>\$ 4,562,080</u>	<u>\$ 1,750,000</u>

Existing Obligations

Description	Maturity	Rate	Balance
2012 Refunding bonds – Series B	December 2021	1.75%-4.00%	\$ 970,000
2012 Bonds	June 2022	2.00%-3.00%	635,000
2019 Bonds	June 2034	5.00%	2,505,000
			<u>\$ 4,110,000</u>

Debt Service Requirements

Years ending June 30,	Principal	Interest
2022	\$ 1,750,000	\$ 148,638
2023	150,000	109,000
2024	160,000	101,500
2025	165,000	93,500
2026	175,000	85,250
2027-2031	1,000,000	287,500
2032-2034	710,000	67,150
	<u>\$ 4,110,000</u>	<u>\$ 892,538</u>

8. Pension Plans

Plan Descriptions

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

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

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

Contribution Requirements: No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers' Retirement Board. This rate was 9.53% for 2021. For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the District to the pension accumulation fund. For 2021, these rates ranged from 9.7% - 16.2%.

The amount outstanding and payable to TRS for the year ended June 30, 2021 was \$1,076,753. A liability to ERS of \$127,461 is accrued based on the District's legally required contribution for employee services rendered from April 1 through June 30, 2021.

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

At June 30, 2021, the District reported a net pension liability of \$1,869,364 for its proportionate share of the TRS net pension position and a net pension liability of \$8,479 for its proportionate share of the ERS net pension position.

The TRS net pension position was measured as of June 30, 2020, and the total pension liability was determined by an actuarial valuation as of June 30, 2019, with update procedures applied to roll forward the net pension position to June 30, 2020. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to TRS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At June 30, 2020, the District's proportion was 0.06765%, a decrease of 0.003617 from its proportion measured as of June 30, 2019.

The ERS net pension position was measured as of March 31, 2021, and the total pension liability was determined by an actuarial valuation as of April 1, 2020. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At the March 31, 2021 measurement date, the District's proportion was 0.0085154%, a decrease of 0.000156 from its proportion measured as of March 31, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$2,780,530 on the government-wide statements (TRS expense of \$2,523,008 and ERS expense of \$257,522). At June 30, 2021, the District reported deferred outflows and deferred inflows of resources as follows:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,637,937	\$ 95,801	\$ 103,553	\$ -
Changes of assumptions	2,364,310	842,753	1,559,037	29,404
Net difference between projected and actual earnings on pension plan investments	1,220,859	-	-	2,435,703
Changes in proportion and differences between contributions and proportionate share of contributions	305,411	191,402	211,420	62,233
District contributions subsequent to the measurement date	1,076,753	-	127,461	-
	<u>\$ 6,605,270</u>	<u>\$ 1,129,956</u>	<u>\$ 2,001,471</u>	<u>\$ 2,527,340</u>

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

Years ending June 30,	TRS	ERS
2022	\$ 734,991	\$ (92,330)
2023	1,476,801	2,398
2024	1,206,696	(110,318)
2025	789,742	(453,080)
2026	70,491	-
Thereafter	119,840	-
	<u>\$ 4,398,561</u>	<u>\$ (653,330)</u>

Actuarial Assumptions

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

Inflation – 2.2%

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

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

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

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

Discount rate – 7.1%

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

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

- Inflation* – 2.7%
- Salary increases* – 4.4%
- COLA* – 1.4% annually
- Investment rate of return* – 5.9% compounded annually, net of investment expense, including inflation
- Mortality* – Society of Actuaries’ Scale MP-2020
- Discount rate* – 5.9%

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

Investment Asset Allocation

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

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

Discount Rate

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

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

	1.0% Decrease	At Current Discount Rate	1.0% Increase
District’s proportionate share of the TRS net pension asset (liability)	\$ (11,808,129)	\$ (1,869,364)	\$ 6,471,778
District’s proportionate share of the ERS net pension asset (liability)	\$ (2,353,476)	\$ (8,479)	\$ 2,154,157

9. OPEB

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for varying years of medical benefits to eligible District retirees and spouses dependent upon accumulated sick time earned during employment and remaining at retirement. At present, the plan covers virtually all retired and current employees. Benefit provisions are based on individual contracts with the District, as negotiated from time to time. Eligibility is based on covered employees who retire from the District over age 55 with five or more years of service and are eligible to retire under TRS or ERS. The Plan has no assets, does not issue financial statements, and is not a trust.

At June 30, 2019, employees covered by the Plan include:

Active employees	201
Inactive employees or beneficiaries currently receiving benefits	97
Inactive employees entitled to but not yet receiving benefits	-
	298

Total OPEB Liability

The District’s total OPEB liability of \$56,798,536 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

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

Healthcare cost trend rates – based on national trend survey data and updated long-term rates based on the Society of Actuaries Getzen Long-Term Healthcare Cost Trend Model v2020_b, initially 6.5% for pre-65, 4.4% for post-65, 6.75% for prescription drug, and 6.2% for Medicare Part B, reduced to an ultimate rate of 3.78% after 2075

Salary increases – 3.5%

Mortality – Pub-2010 Public Retirement Plans Mortality Tables for employees and healthy annuitants, adjusted for mortality improvements with Scale MP-2019 mortality improvement scale on a fully generational basis

Discount rate – 2.45% based on the Fidelity General Obligation 20-Year AA Municipal Bond Index as of June 30, 2020

Inflation rate – 2.25%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	<u>\$ 52,955,998</u>
Changes for the year:	
Service cost	1,892,962
Interest	1,688,208
Changes of benefit terms	(96,950)
Differences between expected and actual experience	(1,688,490)
Changes of assumptions or other inputs	3,871,984
Benefit payments	<u>(1,825,176)</u>
Net changes	3,842,538
Balance at June 30, 2021	<u>\$ 56,798,536</u>

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

	1.0% Decrease (1.45%)	Discount Rate (2.45%)	1.0% Increase (3.45%)
Total OPEB liability	<u>\$ (63,990,113)</u>	<u>\$ (56,798,536)</u>	<u>\$ (50,678,942)</u>

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

	1.0% Decrease (5.5% to 2.78%)	Healthcare Cost Trend Rate (6.5% to 3.78%)	1.0% Increase (7.5% to 4.78%)
Total OPEB liability	<u>\$ (49,350,202)</u>	<u>\$ (56,798,536)</u>	<u>\$ (66,038,979)</u>

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2021, the District recognized OPEB expense of \$3,380,376. At June 30, 2021, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 750,195	\$ 5,517,706
Changes of assumptions or other inputs	8,541,236	3,416,514
Benefit payments subsequent to the measurement date	1,986,724	-
	<u>\$ 11,278,155</u>	<u>\$ 8,934,220</u>

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

Years ending June 30,	
2022	\$ (103,844)
2023	(103,844)
2024	(103,844)
2025	(103,844)
2026	326,194
Thereafter	446,393
	<u>\$ 357,211</u>

10. Risk Management

General Liability

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

Health Insurance

The District participates in the Orleans/Niagara School Health Plan (the Plan). The Plan has been established to administer a health insurance program to lower the costs of such coverage to the nine participating members as of June 30, 2020 (the most recent information available).

The District has transferred partial risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Plan members could be subjected, however, to pro-rata supplemental assessments in the event that the Plan's assets are not adequate to meet claims. No such assessments were required in the past three years.

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

Workers' Compensation

The District also participates in the Niagara County Mutual Self-Insurance Plan (the Plan) pursuant to Article 5 of the Workers' Compensation law to finance the liability and risk related to workers' compensation claims and to lower the costs of coverage to the participating members. The Plan includes 20 governmental entities as of December 31, 2020 (the most recent information available). The pool is funded through annual assessments for each participating entity based on payroll.

The District has transferred partial risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Plan members could be subjected, however, to pro-rata supplemental assessments in the event that the Plan's assets are not adequate to meet claims. No such assessments were required in the past three years.

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

11. Commitments and Contingencies

Grants

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

Encumbrances

Significant outstanding encumbrances in the general fund as of June 30, 2021 include open purchase orders for supplies, equipment, and contractual services.

Litigation

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

Construction Commitments

The District has received voter approval and plans to spend up to \$30,569,000 for the construction of various building improvements and modifications. As of June 30, 2021, numerous contracts have been awarded and \$1,523,000 has been expended on this project.

12. Risks and Uncertainties

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

NEWFANE CENTRAL SCHOOL DISTRICT

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

As of the measurement date of June 30,	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension position	0.067650%	0.071267%	0.072028%	0.072702%	0.066520%	0.067047%	0.070327%	0.073722%
District's proportionate share of the net pension asset (liability)	\$ (1,869,364)	\$ 1,851,514	\$ 1,302,459	\$ 552,610	\$ (712,456)	\$ 6,964,079	\$ 7,834,018	\$ 485,280
District's covered payroll	\$ 11,482,415	\$ 11,895,574	\$ 11,732,582	\$ 11,520,922	\$ 10,264,691	\$ 10,071,415	\$ 10,388,431	\$ 10,798,733
District's proportionate share of the net pension position as a percentage of its covered payroll	16.28%	15.56%	11.10%	4.80%	6.94%	69.15%	75.41%	4.49%
Plan fiduciary net position as a percentage of the total pension liability	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%
The following is a summary of changes of assumptions:								
Inflation	2.2%	2.2%	2.25%	2.5%	2.5%	3.0%	3.0%	3.0%
Salary increases	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	4.0%-10.9%	4.0%-10.9%	4.0%-10.9%
Cost of living adjustments	1.3%	1.3%	1.5%	1.5%	1.5%	1.625%	1.625%	1.625%
Investment rate of return	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Discount rate	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Society of Actuaries' mortality scale	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA	AA

Data prior to 2013 is unavailable.

NEWFANE CENTRAL SCHOOL DISTRICT

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

For the years ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 1,076,753	\$ 1,017,342	\$ 1,263,310	\$ 1,149,793	\$ 1,350,252	\$ 1,361,098	\$ 1,765,519	\$ 1,688,120	\$ 1,278,570
Contribution in relation to the contractually required contribution	(1,076,753)	(1,017,342)	(1,263,310)	(1,149,793)	(1,350,252)	(1,361,098)	(1,765,519)	(1,688,120)	(1,278,570)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 11,298,562	\$ 11,482,415	\$ 11,895,574	\$ 11,732,582	\$ 11,520,922	\$ 10,264,691	\$ 10,071,415	\$ 10,388,431	\$ 10,798,733
Contributions as a percentage of covered payroll	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%

Data prior to 2013 is unavailable.

NEWFANE CENTRAL SCHOOL DISTRICT

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

For the years ended June 30,	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.0085154%	0.0086714%	0.0095798%	0.0083006%	0.0096049%	0.0095880%	0.0097381%
District's proportionate share of the net pension liability	\$ (8,479)	\$ (2,296,225)	\$ (678,761)	\$ (267,896)	\$ (902,501)	\$ (1,538,899)	\$ (328,976)
District's covered payroll	\$ 2,982,818	\$ 2,868,107	\$ 3,038,743	\$ 2,500,783	\$ 2,655,012	\$ 2,589,937	\$ 2,559,042
District's proportionate share of the net pension position as a percentage of its covered payroll	0.28%	80.06%	22.34%	10.71%	33.99%	59.42%	12.86%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

The following is a summary of changes of assumptions:

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

Data prior to 2015 is unavailable.

NEWFANE CENTRAL SCHOOL DISTRICT

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

For the years ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 448,475	\$ 429,112	\$ 462,189	\$ 388,340	\$ 415,895	\$ 483,250	\$ 489,415	\$ 549,577	\$ 449,276
Contribution in relation to the contractually required contribution	(448,475)	(429,112)	(462,189)	(388,340)	(415,895)	(483,250)	(489,415)	(549,577)	(449,276)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,982,818	\$ 2,868,107	\$ 3,038,743	\$ 2,500,783	\$ 2,655,012	\$ 2,589,937	\$ 2,559,042	\$ 2,610,111	\$ 2,480,342
Contributions as a percentage of covered payroll	15.04%	14.96%	15.21%	15.53%	15.66%	18.66%	19.12%	21.06%	18.11%

Data prior to 2013 is unavailable.

NEWFANE CENTRAL SCHOOL DISTRICT

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

For the years ended June 30,	2021	2020	2019	2018
Total OPEB liability - beginning	\$ 52,955,998	\$ 49,216,757	\$ 48,108,178	\$ 49,764,252
Changes for the year:				
Service cost	1,892,962	1,982,854	1,988,605	2,098,638
Interest	1,688,208	1,823,907	1,800,351	1,494,035
Changes of benefit terms	(96,950)	-	-	-
Differences between expected and actual experience	(1,688,490)	(5,540,593)	1,245,918	-
Changes of assumptions or other inputs	3,871,984	7,103,950	(2,384,203)	(3,854,156)
Benefit payments	(1,825,176)	(1,630,877)	(1,542,092)	(1,394,591)
Net change in total OPEB liability	3,842,538	3,739,241	1,108,579	(1,656,074)
Total OPEB liability - ending	\$ 56,798,536	\$ 52,955,998	\$ 49,216,757	\$ 48,108,178
Covered-employee payroll	\$ 15,015,266	\$ 14,401,270	\$ 15,532,088	\$ 15,042,991
Total OPEB liability as a percentage of covered-employee payroll	378.3%	367.7%	316.9%	319.8%

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

Changes of benefit terms for 2021 reflect a plan change to move retirees from certain unions into a new health plan. Differences between expected and actual experience in 2021 were due to healthcare trend rates and repeal of the Affordable Care Act's "Cadillac Tax" on high cost plans. Such differences were due to less than expected increases in claims costs and healthcare trend rates in 2020 and due to demographic changes different than those assumed for 2019.

The following is a summary of changes of assumptions:

Healthcare cost trend rates	6.5% - 3.78%	6.75% - 3.78%	7.0% - 3.89%	7.0% - 3.89%
Inflation	2.25%	2.25%	2.25%	2.25%
Salary increases	3.5%	3.5%	5.0%	5.0%
Discount rate	2.45%	3.13%	3.62%	3.56%
Society of Actuaries' mortality scale	MP-2019	MP-2018	MP-2017	MP-2017

Data prior to 2018 is unavailable.

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

For the year ended June 30, 2021

Original expenditure budget	\$ 36,007,989
Encumbrances carried over from prior year	<u>795,143</u>
Revised expenditure budget	<u>\$ 36,803,132</u>

* * *

Unrestricted Fund Balance

Assigned	\$ 1,442,622
Unassigned	<u>4,714,771</u>
	6,157,393
Encumbrances included in assigned fund balance	(451,631)
Appropriated fund balance used for tax levy	<u>(990,991)</u>
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	<u>\$ 4,714,771</u>

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

2022 expenditure budget (unaudited)	\$ 36,017,331
4% of budget	<u>1,440,693</u>
Actual percentage of 2022 expenditure budget	<u>13.1%</u>

Supplementary Information
Schedule of Capital Project Expenditures

For the year ended June 30, 2021

Project Title	Original Budget	Expenditures			Unexpended Balance
		Prior Years	Current Year	Total	
2020-21 capital outlay	\$ 100,000	\$ -	\$ 100,000	\$ 100,000	\$ -
Smart Schools Bond Act	905,500	813,484	-	813,484	92,016
2020-21 capital improvements	30,569,000	-	1,522,781	1,522,781	29,046,219
	\$ 31,574,500	\$ 813,484	\$ 1,622,781	\$ 2,436,265	\$ 29,138,235

NEWFANE CENTRAL SCHOOL DISTRICT

Supplementary Information
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2021

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grantor Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education:</u>			
Passed Through New York State Education Department			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-21-0606	\$ 368,833
Special Education Preschool Grants	84.173	0033-21-0606	<u>15,351</u>
Total Special Education Cluster			384,184
Title I Grants to Local Educational Agencies	84.010	0021-21-1955	290,606
Title I Grants to Local Educational Agencies	84.010	0021-20-1955	23,164
Supporting Effective Instruction State Grants	84.367	0147-21-1955	48,452
Supporting Effective Instruction State Grants	84.367	0147-20-1955	4,666
Student Support and Academic Enrichment Program	84.424	0196-21-1589	2,454
Student Support and Academic Enrichment Program	84.424	0204-20-0275	4,763
Education Stabilization Fund - Governor's Emergency Education Relief Fund	84.425C	5895-21-0830	46,913 ¹
Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-0830	<u>112,960</u> ¹
Total U.S. Department of Education			<u>918,162</u>
<u>U.S. Department of Agriculture:</u>			
Passed Through New York State Education Department			
Child Nutrition Cluster:			
COVID-19 - Summer Food Service Program for Children	10.559	N/A	516,625
Passed Through New York State Office of General Services			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	<u>36,718</u>
Total Child Nutrition Cluster and U.S. Department of Agriculture			<u>553,343</u>
Total Expenditures of Federal Awards			<u>\$ 1,471,505</u>

¹ Total Education Stabilization Fund - \$159,873

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

Basis of Presentation

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

Basis of Accounting

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

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

Indirect Costs

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

Non-Monetary Federal Program

The District is the recipient of a federal award program that does not result in cash receipts or disbursements, termed a “non-monetary program.” During the year ended June 30, 2021, the District used \$36,718 worth of commodities under the National School Lunch Program (CFDA Number 10.555).

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

The Board of Education
Newfane Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the remaining fund information of Newfane Central School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 21, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Symons & McCormick, LLP

September 21, 2021

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

The Board of Education
Newfane Central School District

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

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

September 21, 2021

Schedule of Findings and Questioned Costs

For the year ended June 30, 2021

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? No

Identification of major programs:

Name of Federal Program or Cluster	CFDA #	Amount
Child Nutrition Cluster:		
National School Lunch Program	10.555	\$ 36,718
COVID-19 - Summer Food Service Program for Children	10.559	516,625
		<u>\$ 553,343</u>

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

Auditee qualified as low-risk auditee? Yes

Section II. Financial Statement Findings

No matters were reported.

Section III. Federal Award Findings and Questioned Costs

No matters were reported.