

**SWEET HOME CENTRAL
SCHOOL DISTRICT**

FINANCIAL STATEMENTS

JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Sweet Home Central School District

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Change in Accounting Principle

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

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.


October 6, 2021

Management’s Discussion and Analysis (unaudited)

June 30, 2021

Introduction

Management’s Discussion and Analysis (MD&A) of Sweet Home Central School District (the District) provides an overview of the District’s financial activities and performance for the year ended June 30, 2021. The information contained in the MD&A should be considered in conjunction with the information presented as part of the District’s financial statements that follow. This MD&A, the financial statements, and notes thereto are essential to a full understanding of the District’s financial position and results of operations. The District’s financial statements have the following components: (1) government-wide financial statements; (2) governmental fund financial statements; (3) reconciliations between the government-wide and governmental fund financial statements; (4) fiduciary fund statement; (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, employee third party withholdings, and certain other activities are now recorded in the general fund. In addition, fiduciary activities now recognize a liability only when an event has occurred that compels the District to disburse fiduciary resources.

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

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

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

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

Condensed Statement of Net Position	2021	2020	Change	
			\$	%
Current and other assets	\$ 30,884,000	\$ 28,856,000	\$ 2,028,000	7.0%
Capital assets	89,763,000	87,605,000	2,158,000	2.5%
Total assets	120,647,000	116,461,000	4,186,000	3.6%
Deferred outflows of resources	24,725,000	22,102,000	2,623,000	11.9%
Long-term liabilities	48,339,000	55,181,000	(6,842,000)	(12.4%)
Other liabilities	14,314,000	5,351,000	8,963,000	167.5%
Total liabilities	62,653,000	60,532,000	2,121,000	3.5%
Deferred inflows of resources	10,423,000	7,232,000	3,191,000	44.1%
Net position				
Net investment in capital assets	53,417,000	53,371,000	46,000	0.1%
Restricted	9,939,000	9,244,000	695,000	7.5%
Unrestricted	8,940,000	8,184,000	756,000	9.2%
Total net position	\$ 72,296,000	\$ 70,799,000	\$ 1,497,000	2.1%

Net position amounted to \$72,296,000 and \$70,799,000 as of June 30, 2021 and 2020. The largest portion of the District's net position reflects its investment in capital assets consisting of land, buildings and improvements, and furniture and equipment, less the related debt used to acquire those assets. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

The District's net position also includes resources that are subject to external restrictions on how they may be used, which includes reserves set aside for specific purposes governed by laws and regulations. Such items include the debt service reserve, which is set aside for the repayment of bonds used to finance capital projects; the employee benefit accrued liability reserve, which is restricted to pay future accumulated vacation and sick time; and the retirement contribution reserve, restricted to fund contributions paid by the District to the New York State Teachers' Retirement System (TRS) and New York State and Local Employees' Retirement System (ERS). Other restricted resources include the unemployment insurance, workers' compensation, tax certiorari, and capital reserves, whose restrictions are indicated by their respective names.

Total assets increased by \$4,186,000 (\$829,000 increase in 2020). Current and other assets increased by \$2,028,000 (increase of \$2,258,000 in 2020) and capital assets increased by \$2,158,000 (decrease of \$1,429,000 in 2020). The increase in current assets is due to an increase in cash of \$9,452,000 primarily from bond anticipation notes (BANs) and cash transferred from the fiduciary fund as a result of the implementation of GASB 84. This was offset by a decrease in the District's proportionate share of TRS as a liability of \$5,220,000 in the current year and pension asset of \$4,822,000 in 2020 included in current and other assets. The \$10,042,000 swing is largely a result of changes in projected amounts outpacing actual earnings. Capital assets increase is the result of ongoing capital projects.

Long-term liabilities decreased by \$6,842,000 (increase of \$720,000 in 2020) due to the repayment of \$4,927,000 of bond principal and a decrease in the District's proportionate share of the ERS liability in the amount of \$6,631,000. Other liabilities increased \$8,963,000 primarily from the issuance of BANs in the amount of \$7,500,000 and an increase in accounts payable for the ongoing capital project.

Changes in deferred outflows and deferred inflows of resources include changes in pension activity at the State level, which is required to be reflected on the District's financial statements. Deferred outflows of resources include contributions required to be paid by the District to the State pension systems after the measurement date, and as such are not included in the current net pension position. Deferred outflows and deferred inflows of resources also reflect variances from actuarial assumptions, actual results of investment earnings compared to projected earnings, and changes of assumptions. The District has no control or authority over these transactions.

Condensed Statement of Activities	2021	2020	Change	%
	\$	\$	\$	%
Revenues				
Program revenues				
Charges for services	\$ 1,280,000	\$ 1,624,000	\$ (344,000)	(21.2%)
Operating grants and contributions	5,872,000	4,667,000	1,205,000	25.8%
General revenues				
Taxes and related items	54,669,000	52,477,000	2,192,000	4.2%
State aid	22,525,000	23,593,000	(1,068,000)	(4.5%)
Other	508,000	596,000	(88,000)	(14.8%)
Total revenue	84,854,000	82,957,000	1,897,000	2.3%
Expenses				
Instruction	67,002,000	64,875,000	2,127,000	3.3%
Support services				
General support	10,455,000	10,612,000	(157,000)	(1.5%)
Pupil transportation	5,382,000	5,393,000	(11,000)	(0.2%)
Food service	1,764,000	1,902,000	(138,000)	(7.3%)
Interest and other	567,000	786,000	(219,000)	(27.9%)
Total expenses	85,170,000	83,568,000	1,602,000	1.9%
Change in net position	(316,000)	(611,000)	295,000	(48.3%)
Net position – beginning	70,799,000	71,410,000	(611,000)	(0.9%)
Cumulative effect of GASB 84	1,813,000	-	1,813,000	
Net position – ending	\$ 72,296,000	\$ 70,799,000	\$ 1,497,000	2.1%

District revenues increased by \$1,897,000 (\$759,000 increase in 2020). Overall, results of operations remained consistent. The decrease in State aid resulted from decreases in transportation aid and State budget cuts as a result of COVID-19. Taxes and related items increased \$2,192,000 (\$1,447,000 or 2.8% increase in 2020) attributable to an increase in the property tax levy and sales tax collections. The increase in operating grants was a result of Federal CARES Act grants and grant funds for the food service program.

Total expenses increased by \$1,602,000 compared to an increase of \$5,236,000 in 2020. Payroll expenses increased \$827,000 or 1.9% due to salary increases as stipulated by the District's agreements with bargaining units. Other increases include expenses related to pandemic-related supplies and materials as well as payments to BOCES for the District's share of a capital project and other BOCES services.

Financial Analysis of the District's Funds

Total fund balances for the governmental funds decreased from \$18,991,000 to \$16,824,000 as further described below:

- Total fund basis revenue increased \$1,889,000 or 2.3% (increase of \$765,000 or 0.9% in 2020) due to increase in property taxes and related items of \$2,192,000. Revenue decreases from State sources were offset by Federal grant funds.
- Total fund expenditures increased \$6,791,000 or 8.3% (increase of \$504,000 or 0.6% in 2020). The increase is due to increases in salaries of \$827,000 and \$689,000 BOCES services discussed above. In addition, expenditures also increased \$884,000 due to employee benefits as result of increase in health insurance, retirement contributions, and workers compensation. Capital outlay increased \$3,926,000 as a result of the ongoing capital improvement project.
- The general fund experienced a decrease in fund balance of \$421,000, before the change in accounting principle, compared to a \$1,707,000 increase in 2020. The general fund made net transfers to the special aid and capital projects funds of \$1,037,000 (\$235,000 in 2020). Certain employee benefits previously presented as liabilities in a fiduciary fund are now included in fund balance of the general fund and will be expensed as paid.

General Fund Budgetary Highlights

The revenue budget for 2021 was \$79,128,000. Actual revenue was over budget by \$1,157,000 or 1.5%. Nonproperty taxes (sales taxes) were greater than budget by \$1,226,000.

Actual expenditures and carryover encumbrances were less than the final amended budget by \$2,119,000 or 2.5%. The difference is attributable to many factors and unknown items at the time that the budget is prepared. Because of the uncertainty of educational funding levels by the State, the District cautiously managed its budget to generate savings in instruction, pupil transportation, and employee benefits.

Capital Assets

	2021	2020
Land and land improvements	\$ 2,226,000	\$ 2,226,000
Buildings and improvements	130,982,000	130,232,000
Furniture and equipment	13,425,000	13,084,000
Construction in progress	4,658,000	789,000
	151,291,000	146,331,000
Accumulated depreciation	(61,528,000)	(58,726,000)
	\$ 89,763,000	\$ 87,605,000

Current year additions of \$5,283,000 were offset by depreciation expense and disposals of \$3,125,000.

Debt

At June 30, 2021, the District had \$28,803,000 in bonds and other outstanding obligations, with \$5,110,000 due within one year (\$32,464,000 outstanding at June 30, 2020). Outstanding compensated absences payable were \$5,817,000 with \$1,231,000 expected to be paid within one year (\$5,725,000 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 all school districts, 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, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Donald Feldmann, Director of Finance and Plant Services, Sweet Home Central School District, 1901 Sweet Home Road, Amherst, New York 14228.

SWEET HOME CENTRAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2021

(With comparative totals as of June 30, 2020)

	2021	2020
Assets		
Cash	\$ 26,396,234	\$ 16,943,483
Accounts receivable	449,592	569,784
Due from other governments	392,000	1,032,647
State and federal aid receivable	3,529,805	2,995,072
Due from fiduciary funds	-	2,379,973
Inventory	116,130	112,794
Net pension asset	-	4,822,468
Capital assets (Note 6)	151,291,530	146,331,031
Accumulated depreciation	(61,528,179)	(58,725,965)
Total assets	120,647,112	116,461,287
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	23,721,597	20,469,592
Deferred outflows of resources related to OPEB	1,003,237	1,632,568
Total deferred outflows of resources	24,724,834	22,102,160
Liabilities		
Accounts payable	1,862,101	1,001,345
Accrued liabilities	1,247,409	923,408
Due to retirement systems	3,705,334	3,426,531
Bond anticipation notes payable	7,500,000	-
Long-term liabilities		
Due within one year:		
Bonds	4,750,000	4,575,000
Energy performance contract	360,034	351,665
Compensated absences	1,231,000	1,073,000
Due beyond one year:		
Bonds and related premiums	20,915,510	26,081,922
Energy performance contract	2,777,048	3,137,082
Judgments and claims	684,455	729,504
Compensated absences	4,586,000	4,652,000
Net pension liability	5,244,170	6,654,917
Total OPEB liability	7,790,352	7,926,312
Total liabilities	62,653,413	60,532,686
Deferred Inflows of Resources		
Defeasance gain	44,154	88,306
Deferred inflows of resources related to pensions	9,957,276	6,721,900
Deferred inflows of resources related to OPEB	421,428	421,622
Total deferred inflows of resources	10,422,858	7,231,828
Net Position		
Net investment in capital assets	53,416,605	53,371,091
Restricted	9,938,874	9,243,649
Unrestricted	8,940,196	8,184,193
Total net position	\$ 72,295,675	\$ 70,798,933

See accompanying notes.

SWEET HOME 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	\$ 10,455,413	\$ 459,206	\$ -	\$ (9,996,207)	\$ (10,096,517)
Instruction	67,001,523	780,071	3,753,617	(62,467,835)	(60,954,826)
Pupil transportation	5,382,086	-	-	(5,382,086)	(5,393,294)
Community service	1,184	-	-	(1,184)	(32,211)
Interest expense	565,781	-	-	(565,781)	(753,572)
School food service	1,763,869	40,942	2,117,885	394,958	(45,611)
	<u>\$ 85,169,856</u>	<u>\$ 1,280,219</u>	<u>\$ 5,871,502</u>	<u>(78,018,135)</u>	<u>(77,276,031)</u>
General revenues					
				50,322,461	48,711,186
Real property taxes				4,346,289	3,765,612
Sales taxes				507,859	595,923
Other				22,524,851	23,592,675
State aid				<u>77,701,460</u>	<u>76,665,396</u>
Total general revenues					
				(316,675)	(610,635)
Change in net position					
				70,798,933	71,409,568
Net position - beginning				1,813,417	-
Cumulative effect of a change in accounting principle (Note 2)				<u>72,612,350</u>	<u>71,409,568</u>
Net position - beginning as restated					
Net position - ending				<u>\$ 72,295,675</u>	<u>\$ 70,798,933</u>

SWEET HOME 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	Total Governmental Funds	
					2021	2020
Assets						
Cash	\$ 22,363,201	\$ 3,965,937	\$ 2,759	\$ 64,337	\$ 26,396,234	\$ 16,943,483
Accounts receivable	449,592	-	-	-	449,592	569,784
Due from other governments	392,000	-	-	-	392,000	1,032,647
State and federal aid receivable	1,740,425	-	1,358,361	431,019	3,529,805	2,995,072
Due from other funds, net	907,810	145,355	-	251,451	1,304,616	4,309,825
Inventory	-	-	-	116,130	116,130	112,794
Total assets	\$ 25,853,028	\$ 4,111,292	\$ 1,361,120	\$ 862,937	\$ 32,188,377	\$ 25,963,605
Liabilities and Fund Balances						
Accounts payable	\$ 650,604	\$ 1,161,199	\$ 46,608	\$ 3,690	\$ 1,862,101	\$ 1,001,345
Accrued liabilities	966,145	-	9,896	16,368	992,409	614,408
Due to retirement systems	3,705,334	-	-	-	3,705,334	3,426,531
Due to other funds, net	-	-	1,304,616	-	1,304,616	1,929,852
Bond anticipation notes payable	-	7,500,000	-	-	7,500,000	-
Total liabilities	5,322,083	8,661,199	1,361,120	20,058	15,364,460	6,972,136
Fund Balances						
Nonspendable:						
Inventory	-	-	-	116,130	116,130	112,794
Restricted:						
Debt service	2,799,470	-	-	-	2,799,470	3,662,321
Employee benefit accrued liability	632,148	-	-	-	632,148	631,648
Retirement contribution	2,649,497	-	-	-	2,649,497	1,794,333
Unemployment insurance	324,003	-	-	-	324,003	323,831
Workers' compensation	815,583	-	-	-	815,583	615,097
Tax certiorari	617,088	-	-	-	617,088	616,600
Capital	2,101,085	-	-	-	2,101,085	1,599,819
Assigned:						
Designated for subsequent year's expenditures	2,420,000	-	-	-	2,420,000	2,420,000
Other purposes	3,392,855	-	-	726,749	4,119,604	3,237,212
Unassigned	4,779,216	(4,549,907)	-	-	229,309	3,977,814
Total fund balances (deficit)	20,530,945	(4,549,907)	-	842,879	16,823,917	18,991,469
Total liabilities and fund balances	\$ 25,853,028	\$ 4,111,292	\$ 1,361,120	\$ 862,937	\$ 32,188,377	\$ 25,963,605

See accompanying notes.

SWEET HOME CENTRAL SCHOOL DISTRICT

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

June 30, 2021

Total fund balances - governmental funds		\$ 16,823,917
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported as assets in governmental funds.		89,763,351
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	23,721,597	
Net pension liability	(5,244,170)	
Deferred inflows of resources related to pensions	<u>(9,957,276)</u>	8,520,151
The District's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized on the government-wide statements and include:		
Deferred outflows of resources related to OPEB	1,003,237	
Total OPEB liability	(7,790,352)	
Deferred inflows of resources related to OPEB	<u>(421,428)</u>	(7,208,543)
Defeasance gains associated with bond refunding's are recognized as deferred inflows of resources in the government-wide statements.		(44,154)
Certain liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds. These liabilities are:		
Bonds and related premiums	(25,665,510)	
Energy performance contract	(3,137,082)	
Accrued interest	(255,000)	
Judgments and claims	(684,455)	
Compensated absences	<u>(5,817,000)</u>	(35,559,047)
Net position - governmental activities		<u>\$ 72,295,675</u>

SWEET HOME 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	Total Governmental Funds	
					2021	2020
Revenues						
Real property taxes	\$ 46,438,810	\$ -	\$ -	\$ -	\$ 46,438,810	\$ 44,844,919
Real property tax items	3,883,651	-	-	-	3,883,651	3,866,267
Nonproperty taxes	4,346,289	-	-	-	4,346,289	3,765,612
Charges for services	780,071	-	-	-	780,071	996,583
Use of money and property	473,502	-	-	11	473,513	764,815
Sale of property and compensation for loss	255,734	-	-	7,880	263,614	100,236
Miscellaneous	229,938	-	6,796	33,277	270,011	292,235
State sources	22,524,851	-	493,113	68,556	23,086,520	24,492,922
Federal sources	1,351,979	-	1,901,729	2,049,329	5,303,037	3,765,577
Sales	-	-	-	7,665	7,665	75,438
Total revenues	80,284,825	-	2,401,638	2,166,718	84,853,181	82,964,604
Expenditures						
General support	7,825,933	-	-	793,291	8,619,224	7,986,726
Instruction	43,529,571	-	2,399,775	-	45,929,346	44,355,341
Pupil transportation	4,076,072	-	-	-	4,076,072	4,143,336
Community service	809	-	-	-	809	21,869
Employee benefits	18,229,892	-	222,930	391,237	18,844,059	17,960,086
Debt service						
Principal	4,926,665	-	-	-	4,926,665	4,753,490
Interest	1,080,345	-	-	-	1,080,345	1,261,136
Cost of sales	-	-	-	545,845	545,845	654,898
Other expenses	-	-	-	33,496	33,496	53,986
Capital outlay	-	4,775,254	-	3,035	4,778,289	852,189
Total expenditures	79,669,287	4,775,254	2,622,705	1,766,904	88,834,150	82,043,057
Excess revenues (expenditures)	615,538	(4,775,254)	(221,067)	399,814	(3,980,969)	921,547
Other financing sources (uses)						
Operating transfers, net	(1,037,031)	815,964	221,067	-	-	-
Net change in fund balances	(421,493)	(3,959,290)	-	399,814	(3,980,969)	921,547
Fund balances (deficit) - beginning	19,139,021	(590,617)	-	443,065	18,991,469	18,069,922
Cumulative effect of a change in accounting principle (Note 2)	1,813,417	-	-	-	1,813,417	-
Net position (deficit) - beginning as restated	20,952,438	(590,617)	-	443,065	20,804,886	18,069,922
Fund balances (deficit) - ending	\$ 20,530,945	\$ (4,549,907)	\$ -	\$ 842,879	\$ 16,823,917	\$ 18,991,469

**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 \$ (3,980,969)

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

Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of the assets is allocated over estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense and disposals. 2,158,285

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	4,574,433	
2021 ERS accrued contribution	366,730	
2020 ERS accrued contribution	(430,675)	
2021 TRS pension expense	(6,992,503)	
2021 ERS pension expense	<u>(913,077)</u>	(3,395,092)

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. (493,177)

Payments of long-term liabilities are reported as expenditures in governmental funds and as a reduction of debt in the statement of net position. 4,926,665

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 defeasance gain	44,152	
Compensated absences	(92,000)	
Judgments and claims	45,049	
Amortization of bond premiums	416,412	
Interest	<u>54,000</u>	467,613

Change in net position - governmental activities \$ (316,675)

SWEET HOME 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	\$ 49,532,205	\$ 46,365,345	\$ 46,438,810		\$ 73,465
Real property tax items	496,750	3,663,610	3,883,651		220,041
Nonproperty taxes	3,120,000	3,120,000	4,346,289		1,226,289
Charges for services	1,022,000	1,022,000	780,071		(241,929)
Use of money and property	725,000	725,000	473,502		(251,498)
Sale of property and compensation for loss	128,000	128,000	255,734		127,734
Miscellaneous	98,735	98,735	229,938		131,203
State sources	23,695,000	23,695,000	22,524,851		(1,170,149)
Federal sources	310,000	310,000	1,351,979		1,041,979
Total revenues	79,127,690	79,127,690	80,284,825		1,157,135
Expenditures					
General support					
Board of education	49,506	49,506	25,263	-	(24,243)
Central administration	281,028	288,083	276,179	311	(11,593)
Finance	610,431	575,639	488,987	23,400	(63,252)
Staff	488,409	602,134	517,233	76,493	(8,408)
Central services	6,849,734	6,908,759	5,519,978	1,277,390	(111,391)
Special items	1,189,916	1,412,438	998,293	393,168	(20,977)
Instruction					
Instruction, administration, and improvement	2,423,520	2,174,029	2,100,975	11,525	(61,529)
Teaching - regular school	28,270,583	27,974,276	27,337,861	523,918	(112,497)
Programs for children with handicapping conditions	9,024,935	9,033,775	8,580,981	369,551	(83,243)
Occupational education	720,209	720,209	720,209	-	-
Teaching - special schools	183,530	119,530	80,546	573	(38,411)
Instructional media	1,367,852	1,671,318	1,415,853	224,638	(30,827)
Pupil services	3,667,995	3,885,988	3,293,146	212,592	(380,250)
Pupil transportation	5,290,660	5,049,520	4,076,072	245,282	(728,166)
Community service	45,500	16,857	809	-	(16,048)
Employee benefits	19,501,548	18,671,928	18,229,892	34,014	(408,022)
Debt service					
Principal	4,926,665	4,926,665	4,926,665	-	-
Interest	1,100,445	1,100,445	1,080,345	-	(20,100)
Total expenditures	85,992,466	85,181,099	79,669,287	3,392,855	(2,118,957)
Excess revenues (expenditures)	(6,864,776)	(6,053,409)	615,538	(3,392,855)	3,276,092
Other financing sources (uses)					
Operating transfers in	-	-	34,336		34,336
Operating transfers out	(260,000)	(1,071,367)	(1,071,367)		-
Appropriated fund balance, reserves, and carryover encumbrances	7,124,776	7,124,776	-		(7,124,776)
Total other financing sources (uses)	6,864,776	6,053,409	(1,037,031)		(7,090,440)
Excess revenues (expenditures) and other financing sources (uses)	\$ -	\$ -	\$ (421,493)	\$ (3,392,855)	\$ (3,814,348)

See accompanying notes.

SWEET HOME CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position - Custodial Fund

June 30, 2021

Assets

Cash \$ 94,214

Liabilities

Accounts payable 160

Net Position

Extraclassroom activities balances \$ 94,054

* * *

SWEET HOME CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position - Custodial Fund

For the year ended June 30, 2021

Additions

Student activity receipts \$ 59,582

Deductions

Student activity disbursements 72,665

Change in net position (13,083)

Net position - beginning -

Cumulative effect of a change in accounting principle (Note 2) 107,137

Net position - beginning as restated 107,137

Net position - ending \$ 94,054

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

Sweet Home 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 19 participating school districts in the Erie 1 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 \$3,076,000 for BOCES administrative and program costs and recognized revenue of \$125,000 as a refund from prior year expenditures paid to BOCES. Audited financial statements are available from BOCES’ administrative offices.

Risk Management

The District participates in the NY44 Health Benefits Plan Trust which is a public entity risk pool. This plan is designed to provide health insurance coverage for participating entities. The District also self-insures for workers’ compensation claims. These activities are further discussed in Note 11.

Basis of Presentation

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

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

- Direct expenses are those that are specifically associated with a program or are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the District's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs 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.

The District has elected not to use a debt service fund as debt activity is currently reflected in the general fund. Amounts accumulated for the payment of future principal and interest payments restricted for such purpose are included in the general fund.

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

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

Basis of Accounting and Measurement Focus

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District receives value directly without giving equal value in exchange, include property and sales taxes, grants, and donations. Revenue from property taxes is recognized in the fiscal year in 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 18, 2020 for collection from September 1, 2020 through December 1, 2020. Thereafter, uncollected amounts became the responsibility of Erie County and were submitted to the District by April 1st of the following year as required by law.

The District is subject to tax abatements granted by the Town of Amherst Industrial Development Agency (AIDA). AIDA is a public benefit corporation created by an act of the New York State Legislature to promote and assist private sector industrial and business development.

Through AIDA, companies promise to expand or maintain facilities or employment within the Town of Amherst (the Town), to establish a new business within the Town, or to relocate an existing business to the Town. Economic development agreements entered into by AIDA can include the abatement of county, town, and school district taxes, in addition to other assistance. In the case of the District, these abatements have resulted in reductions of property taxes, which the District administers as a temporary reduction in the assessed value of the property involved. The abatement agreement stipulates a percentage reduction of property taxes, which can be as much as 100%.

For the year ended June 30, 2021, the impact of tax abatements amounted to \$369,000. However, because the abated amounts are spread across the District's entire tax base, there is no impact on the overall property taxes collected.

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 food commodities are stated at values which approximate market.

Capital Assets

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

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

	Capitalization Policy	Estimated Useful Life in Years
Land improvements	\$ 1,000	20
Buildings and improvements	\$ 1,000	30 - 50
Furniture and equipment	\$ 1,000	5 - 20
Vehicles	\$ 1,000	8

Bond Premiums

Premiums received upon 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.

Bond Defeasances

In the government-wide financial statements, gains or losses on bond refundings represent the difference between the price required to repay previously issued debt and the net carrying amount of the retired debt and are recorded as either a deferred outflow or deferred inflow of resources. In subsequent years, these amounts are amortized on a straight-line basis as a component of interest expense over the shorter of the life of the old or new debt.

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 10) have been measured on the same basis as reported by the plan. Benefit payments are due and payable in accordance with benefit terms.

Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated sick and vacation time. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive payments and those expected to become eligible to receive such payments are included. Sick pay is accrued on the basis of negotiated contracts with administrative and employee groups which provide for the payment of various amounts at retirement. All such payouts are made directly to the employees' tax deferred annuity accounts.

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

Equity Classifications

Government-Wide Statements

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

Governmental Fund Statements

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

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

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

Fund balance restrictions consist of the following:

- *Debt service* – is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations (including bond premiums), and remaining bond proceeds not needed for their original purpose as required by §165 of Finance Law. This reserve must be used to pay the debt service obligations for which the original money was generated.
- *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.
- *Retirement contribution* – is used to finance retirement contributions payable to TRS and ERS. For TRS, funding is limited to 2% annually of eligible salaries up to a maximum reserve of 10%. At June 30, 2021, the retirement contribution reserve consists of \$1,273,966 for TRS and \$1,375,531, for ERS.
- *Unemployment insurance* – is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants as the District uses the benefit reimbursement method.
- *Worker's compensation* – is used to pay for compensation benefits and other expenses authorized by Article 2 of the Worker's Compensation Law, and for payment of expenses for administration of this self-insurance program. If the District discontinues this self-insured program, excess amounts must either be transferred to another reserve or applied to appropriations of the subsequent year's budget within sixty days of the end of the year.
- *Tax certiorari* – is used to pay judgments and claims resulting from certiorari proceedings. Funds not used by July 1 of the fourth fiscal year following their deposit must be returned to unassigned fund balance.
- *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 2017, voters approved the creation of a capital reserve of \$5,000,000, which has been funded \$2,775,000 to date plus accumulated interest.

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, employee third party withholdings, and certain other activities are now recorded in the general fund. In addition, fiduciary activities are now accounted for so that a liability is 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 governmental and fiduciary funds is as follows:

	General Fund	Government-Wide	Fiduciary Funds
Fund balance/net position/fiduciary net position, July 1, 2020	\$ 19,139,021	\$ 70,798,933	\$ -
Section 105(h) plan and other benefits	1,813,417	1,813,417	-
Student activity accounts	-	-	107,137
Fund balance/net position/fiduciary net position, as restated, July 1, 2020	<u>\$ 20,952,438</u>	<u>\$ 72,612,350</u>	<u>\$ 107,137</u>

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 expenditure budget, which is a limitation imposed by New York State Real Property Tax Law §1318.

The capital projects deficit balance of \$4,549,907 will be funded when the District obtains permanent financing for its projects.

4. Cash

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’ agents in the District’s name.

5. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 1,346,269	\$ 438,459	\$ 34,336	\$ 1,071,367
Capital projects	187,008	41,653	850,300	34,336
Special aid	-	1,304,616	221,067	-
School lunch	251,451	-	-	-
	<u>\$ 1,784,728</u>	<u>\$ 1,784,728</u>	<u>\$ 1,105,703</u>	<u>\$ 1,105,703</u>

The District’s general fund provides cash flow to 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 owes the capital projects fund for miscellaneous project costs and owes the school lunch fund for receipts collected on its behalf. The general fund made permanent transfers to the special aid fund to cover costs related to the summer school handicap program and to fund capital projects.

6. Capital Assets

	July 1, 2020	Increases	Retirements/ Reclassifications	June 30, 2021
Non-depreciable capital assets:				
Land	\$ 966,214	\$ -	\$ -	\$ 966,214
Construction in progress	788,938	4,193,831	(325,062)	4,657,707
Total non-depreciable assets	1,755,152	4,193,831	(325,062)	5,623,921
Depreciable capital assets:				
Land improvements	1,260,266	-	-	1,260,266
Buildings and improvements	130,232,334	425,239	325,062	130,982,635
Furniture and equipment	6,012,593	299,571	(7,796)	6,304,368
Vehicles	7,070,686	364,578	(314,924)	7,120,340
Total depreciable assets	144,575,879	1,089,388	2,342	145,667,609
Less accumulated depreciation:				
Land improvements	1,238,421	3,102	-	1,241,523
Buildings and improvements	48,714,896	2,330,221	-	51,045,117
Furniture and equipment	3,818,393	261,481	(7,796)	4,072,078
Vehicles	4,954,255	530,130	(314,924)	5,169,461
Total accumulated depreciation	58,725,965	3,124,934	(322,720)	61,528,179
Total depreciable assets, net	85,849,914	(2,035,546)	325,062	84,139,430
	\$ 87,605,066	\$ 2,158,285	\$ -	\$ 89,763,351

Depreciation expense has been allocated to the following functions: general support \$785,936, instruction \$1,823,063, and pupil transportation \$515,935.

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

Capital assets, net of accumulated depreciation	\$ 89,763,351
Bonds, including premiums	(25,665,510)
Energy performance contracts	(3,137,082)
Bond anticipation notes	(7,500,000)
Defeasance gain	(44,154)
	<u>\$ 53,416,605</u>

7. Short-Term Debt

Bond anticipation notes (BANs) outstanding at June 30, 2021 amounted to \$7,500,000 and carry interest from 1.0% - 1.25%. Subsequent to June 30, 2021, the District issued \$18,285,218 in BANs to finance the capital improvements project and to refinance existing BANs.

8. Long-Term Liabilities

	July 1, 2020	Increases	Decreases	June 30, 2021	Amount Due in One Year
Serial bonds	\$ 28,975,000	\$ -	\$ 4,575,000	\$ 24,400,000	\$ 4,750,000
Bond premiums	1,681,922	-	416,412	1,265,510	-
Energy performance contract	3,488,747	-	351,665	3,137,082	360,034
Compensated absences	5,725,000	92,000	-	5,817,000	1,231,000
	<u>\$ 39,870,669</u>	<u>\$ 92,000</u>	<u>\$ 5,343,077</u>	<u>\$ 34,619,592</u>	<u>\$ 6,341,034</u>

Existing Obligations

Description	Maturity	Rate	Balance
General reconstruction, 2008	February 2024	4.00%-4.25%	\$ 630,000
Refunding serial bonds, 2014 – Series A	July 2026	2.00%-5.00%	7,320,000
Refunding serial bonds, 2014 – Series B	July 2026	2.00%-5.00%	1,200,000
General reconstruction, 2016	June 2031	2.00%-3.00%	13,200,000
Refunding serial bonds, 2017	April 2022	5.00%	2,050,000
Energy performance contract	April 2028	2.38%	3,137,082
			<u>\$ 27,537,082</u>

Debt Service Requirements

Years ending June 30,	Bonds		Energy Performance Contract	
	Principal	Interest	Principal	Interest
2022	\$ 4,750,000	\$ 814,738	\$ 360,034	\$ 74,663
2023	2,800,000	613,913	368,603	66,094
2024	2,905,000	511,300	377,376	57,321
2025	2,805,000	403,850	386,358	48,339
2026	2,905,000	301,225	395,553	39,144
2027-2031	8,235,000	540,124	1,249,158	54,933
	<u>\$ 24,400,000</u>	<u>\$ 3,185,150</u>	<u>\$ 3,137,082</u>	<u>\$ 340,494</u>

Lease Obligations

The District leases certain equipment under the terms of various operating leases. Rental expense for all operating leases amounted to \$802,825 for the year ended June 30, 2021. Future minimum rentals to be paid for all noncancelable leases are:

Years ending June 30,	
2022	\$ 886,344
2023	805,556
2024	302,283
2025	210,261
	<u>\$ 2,204,444</u>

9. Pension Plans

Plan Descriptions

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

- TRS is administered by the New York State Teachers' Retirement Board and provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from the New York State Teachers' Retirement System at www.nystrs.org.
- 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 3.0% (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% - 19.8%.

The amount outstanding and payable to TRS for the year ended June 30, 2021 was \$3,162,247. A liability to ERS of \$366,730 is accrued based on the District’s legally required contribution for employee services rendered from April 1 through June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$5,220,128 for its proportionate share of the TRS net pension position and a liability of \$24,042 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 0.188911%, an increase of 0.003289 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 0.0241452%, a decrease of 0.0009861 from its proportion measured as of March 31, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$7,905,576 on the government-wide statements (TRS expense of \$6,992,503 and ERS expense of \$913,077). 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	\$ 4,573,877	\$ 267,522	\$ 293,622	\$ -
Changes of assumptions	6,602,248	2,353,356	4,420,610	83,374
Net difference between projected and actual earnings on pension plan investments	3,409,201	-	-	6,906,375
Changes in proportion and differences between District contributions and proportionate share of contributions	53,150	242,052	839,912	104,597
District contributions subsequent to the measurement date	3,162,247	-	366,730	-
	<u>\$ 17,800,723</u>	<u>\$ 2,862,930</u>	<u>\$ 5,920,874</u>	<u>\$ 7,094,346</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	\$ 1,999,534	\$ (117,918)
2023	4,071,011	78,012
2024	3,353,779	(231,448)
2025	2,068,852	(1,268,838)
2026	69,533	-
Thereafter	212,837	-
	\$ 11,775,546	\$ (1,540,192)

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 long term inflation assumptions) 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.

	At Current Discount		
	1.0% Decrease	Rate	1.0% Increase
District's proportionate share of the TRS net pension asset (liability)	\$ (32,793,753)	\$ (5,220,128)	\$ 18,072,196
District's proportionate share of the ERS net pension asset (liability)	\$ (6,673,223)	\$ (24,042)	\$ 6,108,058

10. OPEB

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for continuation of medical insurance for certain District retirees and their spouses. Employees must be eligible to retire under their respective State retirement systems and have completed at least 10 years of service with the District. Members of the District's administrative bargaining unit who retired prior to June 30, 2007 receive paid health insurance until age 65. Upon reaching age 65, these retirees must enroll in Medicare B. The District reimburses Medicare B premiums and pays the full cost of a Medicare advantage health insurance plan. The District also provides these retirees \$100,000 of life insurance coverage to age 70. The Plan has no assets, does not issue financial statements, and is not a trust.

At March 22, 2021, employees covered by the Plan include:

Active employees	700
Inactive employees or beneficiaries currently receiving benefits	122
Inactive employees entitled to but not yet receiving benefits	-
	822

Total OPEB Liability

The District's total OPEB liability of \$7,790,352 was measured as of March 31, 2021 and was determined by an actuarial valuation as of March 22, 2021.

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 Health Expenditure Projections 2012-2028 for short-term rates and the Society of Actuaries Getzen Long-Term Healthcare Cost Trend Resource Model v2021_b (updated September 2020) for long-term rates, initially 4.00%, with an ultimate rate of 4.08% after 2070

Salary increases – 3.11%

Mortality – Pub-2010 public retirement plans mortality tables, without separate contingent survivor mortality; fully generational using Mortality Improvement Scale MP-2020 for retirees and surviving spouses

Discount rate – 2.27% based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date

Inflation rate – 2.11%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	\$ 7,926,312
Changes for the year:	
Service cost	110,064
Interest	191,107
Changes of benefit terms	-
Differences between expected and actual experience	(199,584)
Changes of assumptions or other inputs	92,906
Benefit payments	(330,453)
Net changes	(135,960)
Balance at June 30, 2021	\$ 7,790,352

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 (1.27%)	Discount Rate (2.27%)	1.0% Increase (3.27%)
Total OPEB liability	\$ (8,612,108)	\$ (7,790,352)	\$ (7,088,855)

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 (3.00% to 3.08%)	Healthcare Cost Trend Rate (4.00% to 4.08%)	1.0% Increase (5.00% to 5.08%)
Total OPEB liability	\$ (7,038,358)	\$ (7,790,352)	\$ (8,670,389)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2021, the District recognized OPEB expense of \$823,630. 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	\$ 567,944	\$ 262,978
Changes of assumptions or other inputs	435,293	158,450
	<u>\$ 1,003,237</u>	<u>\$ 421,428</u>

The net amount of deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30,	
2022	\$ 406,666
2023	100,176
2024	15,961
2025	25,658
2026	25,658
Thereafter	7,690
	<u>\$ 581,809</u>

11. Risk Management

General Liability

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

Health Insurance

The District participates in the NY44 Health Benefits Plan Trust (the Plan). The Plan has been established to administer a health insurance program to lower the costs of such coverage for the 23 participating members as of June 30, 2020 (the most recent information available).

The District has transferred all 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. Refunds are not made nor additional assessments charged other than the annual premium equivalents. If the Plan's assets were to be exhausted, members would be equally responsible for the remaining liabilities.

The Plan has published its own financial report for the year ended June 30, 2020, which can be obtained from Erie 1 BOCES, 355 Harlem Road, West Seneca, New York, 14224.

Workers' Compensation

The District is self-insured for workers' compensation and contracts with a third party to administer the plan. The third party administrator tracks and identifies all cases and prepares a monthly statement for the District. Payments are made as cases are settled and closed. The District maintains excess insurance coverage that limits their self-insured rate to \$500,000 per incident and \$1,000,000 in the aggregate. The general fund includes a reserve in the amount of \$815,000 to cover any unexpected charges or changes in claims. All expected losses have been accrued on the government-wide statements.

Claims activity for this plan is as follows:

	Beginning of Year	Current Claims and Changes in Estimates	Claims Paid	End of Year
2021	\$ 729,504	\$ 552,625	\$ 597,674	\$ 684,455
2020	\$ 539,543	\$ 588,702	\$ 398,741	\$ 729,504

12. Commitments and Contingencies

Grants

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

Litigation

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

Encumbrances

Significant outstanding encumbrances in the general fund as of June 30, 2021 include \$377,000 for expenses relating to BOCES capital projects, \$313,000 for utilities services, \$175,000 for security equipment, and \$147,000 for curriculum services.

13. Risks and Uncertainties

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

SWEET HOME 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	0.188911%	0.185622%	0.186126%	0.186432%	0.185997%	0.182954%	0.184104%	0.183268%
District's proportionate share of the net pension asset (liability)	\$ (5,220,128)	\$ 4,822,468	\$ 3,365,656	\$ 1,417,070	\$ (1,992,105)	\$ 19,003,117	\$ 20,508,018	\$ 1,206,365
District's covered payroll	\$ 32,064,221	\$ 30,983,305	\$ 30,317,898	\$ 29,543,362	\$ 28,701,199	\$ 27,906,206	\$ 27,551,617	\$ 27,173,759
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%	68.10%	74.43%	4.44%
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.

SWEET HOME 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	\$ 3,162,247	\$ 2,840,890	\$ 3,290,427	\$ 2,971,154	\$ 3,462,482	\$ 3,805,779	\$ 4,817,646	\$ 4,419,188	\$ 3,178,353
Contribution in relation to the contractually required contribution	(3,162,247)	(2,840,890)	(3,290,427)	(2,971,154)	(3,462,482)	(3,805,779)	(4,817,646)	(4,419,188)	(3,178,353)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 33,182,025	\$ 32,064,221	\$ 30,983,305	\$ 30,317,898	\$ 29,543,362	\$ 28,701,199	\$ 27,906,206	\$ 27,551,617	\$ 27,173,759
Contributions as a percentage of covered payroll	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.26%	16.04%	11.70%

Data prior to 2013 is unavailable.

SWEET HOME CENTRAL SCHOOL DISTRICT

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

As of the measurement date of March 31,	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.0241452%	0.0251313%	0.0249084%	0.0248410%	0.0262642%	0.0281686%	0.0284813%
District's proportionate share of the net pension liability	\$ (24,042)	\$ (6,654,917)	\$ (1,764,836)	\$ (801,728)	\$ (2,467,843)	\$ (4,521,147)	\$ (962,167)
District's covered payroll	\$ 9,965,926	\$ 9,716,537	\$ 9,385,899	\$ 9,230,699	\$ 9,242,994	\$ 9,041,093	\$ 8,976,952
District's proportionate share of the net pension position as a percentage of its covered payroll	0.24%	68.49%	18.80%	8.69%	26.70%	50.01%	10.72%
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-2018	MP-2014	MP-2014	MP-2014	MP-2014

Data prior to 2015 is unavailable.

SWEET HOME 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	\$ 1,412,186	\$ 1,391,973	\$ 1,366,193	\$ 1,390,864	\$ 1,415,449	\$ 1,664,287	\$ 1,762,347	\$ 1,663,511	\$ 1,810,274
Contribution in relation to the contractually required contribution	(1,412,186)	(1,391,973)	(1,366,193)	(1,390,864)	(1,415,449)	(1,664,287)	(1,762,347)	(1,663,511)	(1,810,274)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 9,965,926	\$ 9,716,537	\$ 9,385,899	\$ 9,230,699	\$ 9,242,994	\$ 9,041,093	\$ 8,976,952	\$ 8,777,575	\$ 9,402,400
Contributions as a percentage of covered payroll	14.17%	14.33%	14.56%	15.07%	15.31%	18.41%	19.63%	18.95%	19.25%

Data prior to 2013 is unavailable.

SWEET HOME 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	2017
Total OPEB liability - beginning	\$ 7,926,312	\$ 7,380,131	\$ 5,947,235	\$ 6,047,585	\$ 5,836,078
Changes for the year:					
Service cost	110,064	92,682	59,454	58,455	57,051
Interest	191,107	244,816	206,768	220,276	187,461
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(199,584)	(204,899)	1,535,179	(161,875)	539,304
Changes of assumptions or other inputs	92,906	769,658	(89,472)	92,094	(275,034)
Benefit payments	(330,453)	(356,076)	(279,033)	(309,300)	(297,275)
Net change in total OPEB liability	(135,960)	546,181	1,432,896	(100,350)	211,507
Total OPEB liability - ending	\$ 7,790,352	\$ 7,926,312	\$ 7,380,131	\$ 5,947,235	\$ 6,047,585
Covered-employee payroll	\$ 41,317,929	\$ 39,795,595	\$ 38,795,595	\$ 37,907,285	\$ 37,907,285
Total OPEB liability as a percentage of covered-employee payroll	18.9%	19.9%	19.0%	15.7%	16.0%

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

Differences between expected and actual experience for each of the years presented are a result of change in healthcare trend rates.

The following is a summary of changes of assumptions:

Healthcare cost trend rates	4.00%-4.08%	5.20%-4.18%	5.20%-4.32%	6.20%-4.17%	5.30%-4.17%
Salary increases	3.11%	3.22%	3.36%	3.31%	3.31%
Discount rate	2.27%	2.48%	3.44%	3.61%	3.80%
Inflation Rate	2.11%	2.22%	2.36%	2.31%	2.30%
Society of Actuaries' mortality scale	MP-2020	MP-2019	MP-2018	MP-2017	MP-2016

Data prior to 2017 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	\$ 83,347,690
Encumbrances carried over from prior year	<u>2,904,776</u>
Revised expenditure budget	<u>\$ 86,252,466</u>

Unrestricted Fund Balance	
Assigned	\$ 5,812,855
Unassigned	<u>4,779,216</u>
	10,592,071
Encumbrances included in assigned fund balance	(3,392,855)
Less appropriated fund balance used for tax levy	<u>(2,420,000)</u>
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	<u>\$ 4,779,216</u>
§1318 of Real Property Tax Law - unrestricted fund balance limit calculation	
2022 expenditure budget (unaudited)	\$ 85,923,559
4% of budget	<u>3,436,942</u>
Actual percentage of 2022 expenditure budget	<u>5.6%</u>

SWEET HOME CENTRAL SCHOOL DISTRICT

Supplementary Information
Schedule of Capital Project Expenditures

June 30, 2021

Project Title	Original Budget	Revised Budget	Expenditures			Unexpended Balance
			Prior Years	Current Year	Total	
2016 Smart Schools Bond Act	\$ 496,160	\$ 796,441	\$ 759,025	\$ 29,830	\$ 788,855	\$ 7,586
Capital Outlay Project - 2020	75,000	75,000	-	14,242	14,242	60,758
Capital Outlay Project - 2021	100,000	100,000	-	-	-	100,000
Emergency Flood Project	700,000	700,000	212,950	537,351	750,301	(50,301)
2019 Capital Improvements	39,927,382	39,927,382	500,988	4,193,831	4,694,819	35,232,563
	<u>\$ 41,298,542</u>	<u>\$ 41,598,823</u>	<u>\$ 1,472,963</u>	<u>\$ 4,775,254</u>	<u>\$ 6,248,217</u>	<u>\$ 35,350,606</u>

SWEET HOME 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	0032-21-0200	\$ 842,452
Special Education Preschool Grants	84.173	0033-21-0200	34,334
Total Special Education Cluster			<u>876,786</u>
Title I Grants to Local Educational Agencies	84.010	0021-21-0730	710,494
Title I Grants to Local Educational Agencies	84.010	0021-20-0730	94,017
English Language Acquisition State Grants	84.365	0293-21-0730	23,325
Supporting Effective Instruction State Grants	84.367	0147-21-0730	134,492
Supporting Effective Instruction State Grants	84.367	0147-20-0730	6,288
Student Support and Academic Enrichment Program	84.424	0204-21-0730	55,302
Student Support and Academic Enrichment Program	84.424	0204-20-0730	1,025
Education Stabilization Fund - Governor's Emergency			
Education Relief Fund	84.425C	5895-21-0730	111,914 ¹
Education Stabilization Fund - Elementary and Secondary			
School Emergency Relief Fund	84.425D	5890-21-0730	615,061 ¹
Total U.S. Department of Education			<u>2,628,704</u>
<u>U.S. Department of the Treasury</u>			
Passed Through Erie County			
Coronavirus Relief Fund	21.019	N/A	<u>412,450</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	1,950,160
Passed through New York State Office of General Services			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	99,169
Total Child Nutrition Cluster and U.S. Department of Agriculture			<u>2,049,329</u>
Total Expenditures of Federal Awards			<u>\$ 5,090,483</u>

¹ Total Education Stabilization Fund - \$726,975

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 Sweet Home 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 introduced 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 \$99,169 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
Sweet Home 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 Sweet Home Central School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 6, 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 testing 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.



Lynden & McCormick, LLP

October 6, 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
Sweet Home Central School District

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

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

October 6, 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:		
COVID-19 - Summer Food Service Program for Children	10.559	\$ 1,950,160
School Lunch Program	10.555	99,169
		<u>2,049,329</u>
Education Stabilization Fund - Governor's Emergency		
Education Relief Fund	84.425C	111,914
Education Stabilization Fund - Elementary and Secondary		
School Emergency Relief Fund	84.425D	615,061
		<u>726,975</u>
		<u>\$ 2,776,304</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.