

CAIRO-DURHAM
CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2021

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Cairo-Durham Central School District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary funds of the Cairo-Durham Central School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Cairo-Durham Central School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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 fiduciary fund information of the Cairo-Durham Central School District, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of changes in the total OPEB liability, the District's proportionate share of the net pension asset/liability, and District contributions on pages M1-M11 and 51-55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Cairo-Durham Central School District's basic financial statements as a whole. The other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2021 on our consideration of the Cairo-Durham Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 Cairo-Durham Central School District's internal control over financial reporting and compliance.

Raymond G. Preusser, CPA, PC

Claverack, New York
October 8, 2021

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
June 30, 2021

INTRODUCTION

The Cairo-Durham Central School District offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. Please review it in conjunction with the District's financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

During the 2020-2021 fiscal year, the following items should be considered as financial highlights of the Cairo-Durham Central School District.

- The District experienced a change in Net Position from (\$4,215,509) in 2019-2020 to (\$4,306,918) in 2020-2021. This change is attributed to an overall increase in total assets compared to the increase in total liabilities. The net affect was the overall decrease in total net position of \$91,409.
- As of the close of the fiscal year 2021, the District's governmental funds reported combined fund balances of \$8,381,497, a decrease of \$4,683,793 in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis narrative (required supplemental information) is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components:

1. Districtwide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

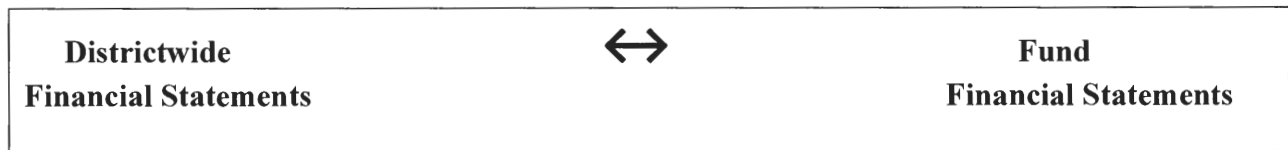
In addition to these statements, this report also includes required supplemental information and other supplemental information.

Our auditor has provided assurance in the independent auditor's report that the Basic Financial Statements are fairly stated. A different degree of assurance is being provided by the auditor regarding the supplemental information identified below. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part in the financial statements.

Financial Statements

Required Supplemental Information (Part A)
Management's Discussion & Analysis (MD&A)

Basic Financial Statements



Notes to the Basic Financial Statements

Required Supplemental Information (Part B)

General Fund Budget to Actual Schedule

Changes in the Total OPEB Liability

District's Proportionate Share of the Net Pension Asset/Liability

District Contributions

Other Supplemental Information

General Fund Budget & Fund Balance Information

Capital Project Funds Schedule of Project Expenditures

Schedule of Net Investment in Capital Assets

DISTRICTWIDE FINANCIAL STATEMENTS

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

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. certain federal/state grants earned but not yet received, unused vacation/sick leave, and proceeds from Revenue Anticipation Notes and related interest).

All of the District's services are reported in the Districtwide Financial Statements as *governmental activities*, including general support, instruction, pupil transportation, community services, and school lunch. Property taxes, state/federal aid, and investment earnings finance most of these activities. Additionally, all capital and debt financing activities are reported here.

DISTRICTWIDE FINANCIAL ANALYSIS

Cairo-Durham Central School District's Net Position June 30, 2021 and 2020

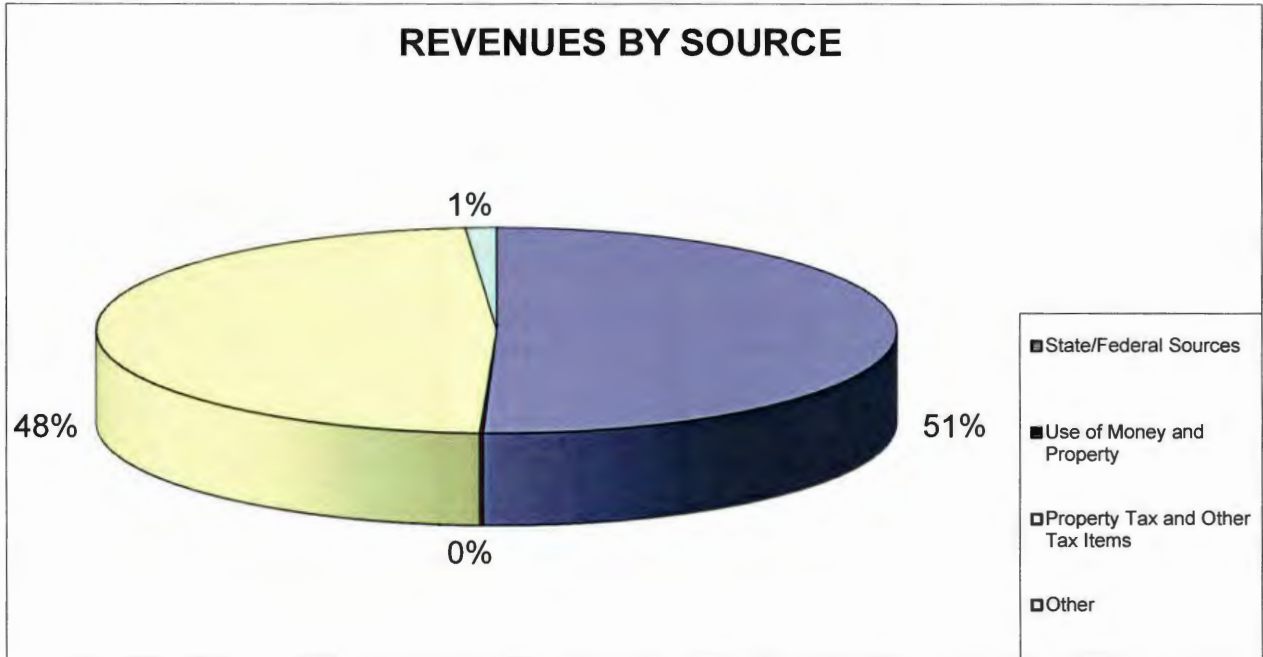
| | Governmental Activities | | Variance Increase (Decrease) |
|---|----------------------------|-----------------------|------------------------------------|
| | 2021 | Restated 2020 | |
| Current Assets | \$ 28,981,342 | \$ 14,551,263 | \$ 14,430,079 |
| Capital Assets | 34,186,453 | 28,538,640 | 5,647,813 |
| Net Pension Asset | - | 1,681,095 | (1,681,095) |
| Total Assets | <u>63,167,795</u> | <u>44,770,998</u> | <u>18,396,797</u> |
| Deferred Outflows of Resources | 12,857,694 | 11,926,015 | 931,679 |
| Total Assets and Outflows of Resources | <u>76,025,489</u> | <u>56,697,013</u> | <u>19,328,476</u> |
| Current Liabilities | 20,623,761 | 1,494,435 | 19,129,326 |
| Noncurrent Liabilities | 7,447,377 | 8,686,907 | (1,239,530) |
| OPEB Obligation | 35,391,815 | 37,185,704 | (1,793,889) |
| Net Pension Liability | 1,812,934 | 2,336,441 | (523,507) |
| Total Liabilities | <u>65,275,887</u> | <u>49,703,487</u> | <u>15,572,400</u> |
| Deferred Inflows of Resources | 15,056,520 | 11,209,035 | 3,847,485 |
| Total Liabilities and Inflows of Resources | <u>80,332,407</u> | <u>60,912,522</u> | <u>19,419,885</u> |
| Net Position: | | | |
| Investment in capital assets, net of related debt | 23,692,169 | 21,656,569 | 2,035,600 |
| Restricted | 20,305,150 | 4,937,410 | 15,367,740 |
| Unrestricted (deficit) | (48,304,237) | (30,809,488) | (17,494,749) |
| Total Net Position | <u>\$ (4,306,918)</u> | <u>\$ (4,215,509)</u> | <u>\$ (91,409)</u> |

**Cairo-Durham Central School District's
Changes in Net Position
For the Years Ended June 30, 2021 and 2020**

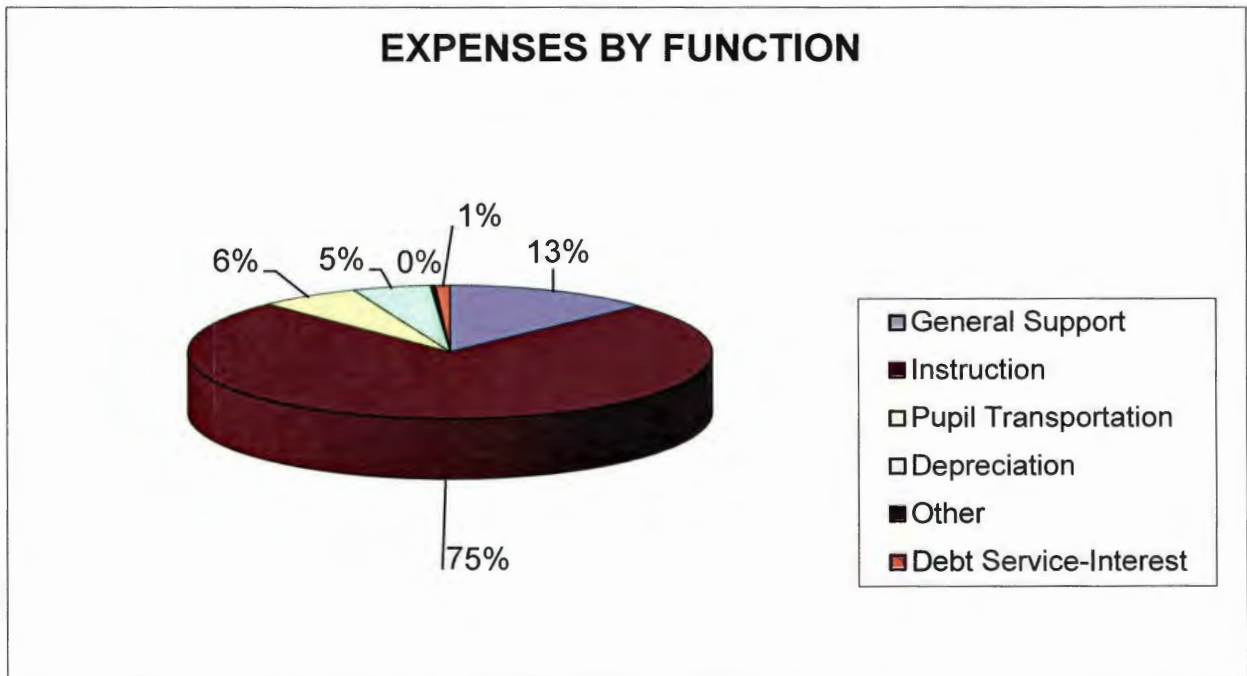
| | Governmental Activities | | Variance Increase (Decrease) |
|---|----------------------------|---------------------|------------------------------------|
| | 2021 | 2020 | |
| <u>Revenues:</u> | | | |
| Program Revenues: | | | |
| Charges for Services | \$ 305,799 | \$ 115,032 | \$ 190,767 |
| Operating Grants and Contributions | 1,738,448 | 1,933,718 | (195,270) |
| Total Program Revenues | <u>\$ 2,044,247</u> | <u>\$ 2,048,750</u> | <u>\$ (4,503)</u> |
| General Revenues: | | | |
| Real Property Taxes | \$ 13,538,736 | \$ 13,019,945 | \$ 518,791 |
| Other Tax Items | 1,384,682 | 1,444,574 | (59,892) |
| Use of Money and Property | 45,077 | 143,008 | (97,931) |
| Sale of Property and Compensation for Loss | 53,351 | 6,729 | 46,622 |
| Miscellaneous | 96,296 | 653,530 | (557,234) |
| State Sources | 15,173,899 | 15,276,873 | (102,974) |
| Federal Sources | 533,645 | 169,045 | 364,600 |
| Premium on Obligations | 244,300 | 250,820 | (6,520) |
| Total General Revenues | <u>31,069,986</u> | <u>30,964,524</u> | <u>105,462</u> |
| <u>Expenses (Net of Program Revenues):</u> | | | |
| Instruction | 23,520,116 | 23,192,664 | 327,452 |
| Support Services: | | | |
| General Support | 4,010,005 | 4,237,844 | (227,839) |
| Pupil Transportation | 1,935,565 | 2,222,686 | (287,121) |
| Debt Service-Interest | 284,316 | 226,013 | 58,303 |
| Depreciation and Loss on Disposal | 1,502,757 | 1,415,040 | 87,717 |
| Fiscal Agent Fees | - | 76,801 | (76,801) |
| School Lunch | (91,364) | (47,029) | (44,335) |
| Total Expenses | <u>31,161,395</u> | <u>31,324,019</u> | <u>(162,624)</u> |
| Change in Net Position | <u>\$ (91,409)</u> | <u>\$ (359,495)</u> | <u>\$ 268,086</u> |

The following charts provide the percentage of breakdown of all revenues by source and all expenses by function for the entire District:

Districtwide Revenues by Source
For the Year Ended June 30, 2021



Districtwide Expenses by Function
For the Year Ended June 30, 2021



FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds.

A fund is a grouping of related accounts, and is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants). All of the funds of the District can be divided into two categories; governmental funds and fiduciary funds.

- **Governmental funds:** All of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds, and the balances left at year-end that are available for spending. They are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available to be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the districtwide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **Fiduciary funds:** The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the Districtwide Financial Statements because it cannot use these assets to finance its operations.

FUND FINANCIAL ANALYSIS (DISTRICT'S FUNDS)

The District's governmental funds (as presented on the balance sheet) reported a combined Fund Balance of \$8.4 million, which is a decrease from last year's total of \$13.1 million. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2021 and 2020.

| | <u>Fund Balance 2021</u> | <u>Fund Balance 2020</u> | <u>Variance Increase (Decrease)</u> |
|--------------|------------------------------|------------------------------|---|
| General | \$ 10,595,356 | \$ 9,026,019 | \$ 1,569,337 |
| School Lunch | 609,103 | 517,251 | 91,852 |
| Special Aid | 2,892 | 9,458 | (6,566) |
| Debt Service | 293,066 | 45,386 | 247,680 |
| Capital | (3,118,920) | 3,467,176 | (6,586,096) |
| Totals | <u>\$ 8,381,497</u> | <u>\$ 13,065,290</u> | <u>\$ (4,683,793)</u> |

General Fund

The tables that follow assist in illustrating the financial activities and balance of the general fund.

| <u>Revenues:</u> | <u>2021</u> | <u>2020</u> | <u>Variance Increase (Decrease)</u> |
|---------------------------|----------------------|----------------------|--|
| Taxes and Other Tax Items | \$ 14,923,418 | \$ 14,464,519 | \$ 458,899 |
| Use of Money and Property | 41,209 | 133,269 | (92,060) |
| State/Federal Sources | 15,707,544 | 15,261,737 | 445,807 |
| Other | 433,847 | 734,102 | (300,255) |
| Totals | <u>\$ 31,106,018</u> | <u>\$ 30,593,627</u> | <u>\$ 512,391</u> |

| <u>Expenses:</u> | <u>2021</u> | <u>2020</u> | <u>Variance Increase (Decrease)</u> |
|-------------------------|----------------------|----------------------|--|
| General Support | \$ 3,313,498 | \$ 3,327,405 | \$ (13,907) |
| Instruction | 16,364,451 | 15,868,907 | 495,544 |
| Pupil Transportation | 1,467,826 | 1,606,793 | (138,967) |
| Employee Benefits | 6,211,905 | 5,980,692 | 231,213 |
| Debt Service | 1,935,781 | 1,688,510 | 247,271 |
| Other | 243,220 | 938,962 | (695,742) |
| Totals | <u>\$ 29,536,681</u> | <u>\$ 29,411,269</u> | <u>\$ 125,412</u> |

GENERAL FUND BUDGET INFORMATION

The District's budget is prepared in accordance with New York State law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The difference between the General Fund's original budget and the final amended budget was \$236,423. This amount represents the carryover of outstanding purchase orders (encumbrances) from the 2019-2020 fiscal year.

CAPITAL ASSETS

The District's capital assets (net of accumulated depreciation) as of June 30, 2021 are as follows:

| <u>Asset Description</u> | <u>Amount</u> |
|----------------------------|---------------------|
| Land | \$ 181,025 |
| Construction in Progress | 6,376,630 |
| Buildings and Improvements | 25,645,300 |
| Machinery and Equipment | 397,777 |
| Vehicles | <u>1,585,721</u> |
| Total | <u>\$34,186,453</u> |

The total increase in the District's capital assets (net of accumulated depreciation) for the current fiscal year was \$5,647,813. The increase to capital assets was attributable to the purchase of equipment and vehicles and expenditures from the capital project less depreciation expense.

DEBT

The District has total debt, including a bond anticipation note, serial bonds, energy performance contract, compensated absences, net pension liability-proportionate share and the OPEB obligation, in the amount of \$63,152,126 as of June 30, 2021, an increase over the previous year of \$14,943,074. The debt outstanding for the year ended June 30, 2021 is summarized as follows:

| <u>Debt Description</u> | <u>Outstanding Balance</u> |
|---|----------------------------|
| Bonds | \$ 5,320,000 |
| Bond Anticipation Note | 18,500,000 |
| OPEB Obligation | 35,391,815 |
| Energy Performance Contract | 1,932,592 |
| Compensated Absences | 194,785 |
| Net Pension Liability-Proportionate Share | <u>1,812,934</u> |
| Total | <u>\$ 63,152,126</u> |

The District has refunding bonds outstanding, the proceeds of which are in escrow to fund other previously existing debt. The refunding was done to reduce future interest payments.

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 10% of the total full value of real property. At June 30, 2021 the District's general obligation debt was significantly under its total debt limit. The District has a bond rating of A1.

FACTORS BEARING ON THE DISTRICT'S FUTURE

In June of 2011, the New York State Legislature passed a Property Tax Cap Law, which began with the 2012-2013 school year budget. This law will be in effect for the foreseeable future. The legislation provides a calculation for a tax levy limit, which caps the amount of revenues the District can raise through the levy of taxes. In the circumstance of a defeat of an original budget with a tax levy increase calculated in accordance with the legislation and a resubmitted/revised budget defeat, the Board of Education is mandated by this legislation to adopt a budget that levies a tax no greater than that of the prior year; a zero percent tax levy increase. This would prove to be a serious strain on the ability of the District to meet its obligations and has the potential to diminish the District's fund balance. The legislation also poses a serious public relations challenge to the District due to the public perception of the law; it was publicized as a "2% property tax cap" and many members of the public may interpret this as a law which caps their individual tax bills at 2%, so it is up to the District to compact the misconceptions of the law.

The District had a Payment in Lieu of Taxes (PILOT) agreement with Stiefel Laboratories, Inc., a GlaxoSmithKline (GSK) company. In the 2010-2011 school year, the Greene County Industrial Development Agency restructured the agreement. The new agreement froze payments for the properties under the existing PILOT agreement at the 2010-2011 level and is in effect through the 2020-2021 school year. For the 2021-22 fiscal year GSK's properties were returned to the tax rolls. This resulted in significant changes to the District's tax structure. Although the tax levy increased by 2.4%, most taxpayers experienced a tax decrease due to the addition of the GSK properties returning to the tax rolls. The District will closely watch any certioraris that may arise in the future to carefully plan tax increases.

During the 2020-21 fiscal year, the District has completed its roof work at Cairo-Durham Elementary School, utilizing \$100,000 Capital Outlay Projects over the past five years. For the 2021-22 school year the District will utilize its Capital Outlay Project to replace exterior doors at the Cairo-Durham Elementary School. A larger project, which was passed by taxpayers on December 13, 2018 began in December 2020. This project has a budget of \$28,900,000 and had an estimated tax levy increase of 2%, but after the District was able to allocate additional Fund Balance to the project, the estimated impact at this time is .35%. In this project the District will reconstruct the front portion of the Middle School / High School building, creating a new Media Center, Guidance Suite, Nurse Suite, Fitness Center, upgraded Science Rooms, Music Rooms and Art/Shop Room. All parking areas will be redesigned to improve traffic flow and to address safety concerns. At Cairo-Durham Elementary School a new HVAC system will be installed, which will introduce Air Conditioning to the building, several students' restrooms will be remodeled and the Nurses' Office will be remodeled with a larger ADA compliant restroom.

The District has experienced a declining enrollment in the past two years. In particular, the District has experienced low kindergarten enrollment, while grades with larger enrollments have graduated. In addition, there has been an increase in homeschool enrollment, which has been associated with the Pandemic. Overall, enrollment in the District has been declining over the last decade, which is a potential burden for the District regarding state aid in the future. There are various state aid formulas which are driven by enrollment, and due to the decline, the District could face decreasing state aid revenues. The District will closely monitor enrollment projections in the future.

The District began implementing the Community Eligibility Program (CEP) through the NYS Education Department Child Nutrition Program during the 2016-2017 school year. This enables the District to provide, at no cost, a breakfast and a lunch to each student Districtwide. The CEP Program is driven by our Direct Certification eligibility percentages and is a fiscally prudent option for our School Lunch Program in light of the past outstanding and uncollectable negative student lunch accounts. The program has proved to be a success. The 2020-21 school year marked the fifth and final year of the District's initial CEP application. A new application has been submitted timely to the State Education Department. This updated application, once approved, will yield higher reimbursement rates for each meal, based on an increase in the District's poverty level as compared to our initial application five years ago.

In June 2020, voters approved a referendum to donate the vacant Durham School Building to Questar III BOCES. Beginning in the 2018-19 school year, Questar III BOCES has held a Heavy Machinery & Equipment Maintenance Program. The donation was completed in January 2021.

The District strives to reduce costs while increasing operating efficiency. In the future the District will continue to explore possibilities of shared services with neighboring school districts. The State Education Department has noted that there could potentially be some state aid benefit in the future for shared service agreements. In order to save money for electricity, the District has entered into a consolidated energy service contract through a third party with neighboring school districts. This has resulted in lower electric bills as well as a more stable and predictable amount for billing and budgeting purposes. This three-year contract provides an opportunity to realize some tangible savings for energy costs in future years. The District has also entered into a one-year Gasoline, Heating and Diesel Fuel contract through DCMO BOCES, which has locked the District into a low price for fuel sources. The District participates in the DCMO BOCES Cooperative Bidding Coser and plans to utilize this cooperative bidding process in the future when purchasing equipment, supplies & materials and services that the District requires for its ongoing operations.

The budget for the 2021-2022 school year proved to be one of the most challenging budget seasons in recent history. The COVID-19 pandemic has caused many changes to the District's revenue structure over the next few years. To fill in shortages in state aid, the federal government has introduced two new acts. First, on December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA Act). The CRRSA Act authorizes funding for a second Education Stabilization Fund to prevent, prepare for and respond to the coronavirus, under which New York State has received over 4 billion in funding. Second, On March 11, 2021, the President signed into law the American Rescue Plan Act of 2021 (ARP). New York State has been allocated nearly \$9 billion in ARP Elementary and Secondary School Emergency Relief (ESSER) funds. Although these funds have provided much needed help to districts across the country, the funds are temporary means of funding and expire in 2023-24. This creates a "revenue cliff" at expiration. Careful planning and implementation of these funds is very important to utilizing the funds optimally. The District will closely monitor its cash flows and long-range financial plan to allow for financial decisions to be made quickly.

In conclusion, the Cairo-Durham Central School District has committed itself to financial planning and fiscal accountability. The District will continue to follow the long-range financial plan and the funding of reserves to prepare for and meet the challenges of the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Cairo-Durham Central School District
PO Box 780
420 Main Street
Cairo, New York 12413

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2021

ASSETS

| | | |
|----------------------------------|-------------------|----------------------|
| Unrestricted cash | \$ 21,549,918 | |
| Restricted cash | 4,920,144 | |
| Other receivables, net | 25,101 | |
| State and federal aid receivable | 1,633,139 | |
| Due from other governments | 638,683 | |
| Due from fiduciary funds | 200,351 | |
| Inventories | 14,006 | |
| Capital assets, net | <u>34,186,453</u> | |
| Total Assets | | \$ <u>63,167,795</u> |

DEFERRED OUTFLOW OF RESOURCES

| | | |
|--------------------------------------|------------------|----------------------|
| Pensions | \$ 8,207,169 | |
| OPEB-GASB#75 | <u>4,650,525</u> | |
| Total Deferred Outflows of Resources | | \$ <u>12,857,694</u> |

LIABILITIES

Current Liabilities:

| | | |
|-------------------------------------|--------------|--|
| Accounts payable | \$ 387,043 | |
| Accrued liabilities | 251,794 | |
| Bond anticipation notes payable | 18,500,000 | |
| Payroll liabilities | 200,391 | |
| Due to other governments | 527 | |
| Due to teachers' retirement system | 1,163,171 | |
| Due to employees' retirement system | 118,398 | |
| Unearned revenue | <u>2,437</u> | |

Long-Term Liabilities:

Due and payable within one year

| | | |
|---------------|----------------|--|
| Bonds payable | 1,300,000 | |
| Capital lease | <u>115,606</u> | |

Due and payable after one year

| | | |
|---|------------------|--|
| Bonds payable | 4,020,000 | |
| Capital lease | 1,816,986 | |
| Compensated absences payable | 194,785 | |
| Other postemployment benefits payable | 35,391,815 | |
| Net pension liability - proportionate share | <u>1,812,934</u> | |

| | | |
|-------------------|--|----------------------|
| Total Liabilities | | \$ <u>65,275,887</u> |
|-------------------|--|----------------------|

DEFERRED INFLOWS OF RESOURCES

| | | |
|-------------------------------------|-------------------|----------------------|
| Pensions | 3,647,611 | |
| OPEB-GASB#75 | <u>11,408,909</u> | |
| Total Deferred Inflows of Resources | | \$ <u>15,056,520</u> |

NET POSITION

| | | |
|----------------------------------|---------------------|-----------------------|
| Net Investment in Capital Assets | 23,692,169 | |
| Restricted | 20,305,150 | |
| Unrestricted (deficit) | <u>(48,304,237)</u> | |
| Total Net Position | | \$ <u>(4,306,918)</u> |

See auditor's report. See notes to financial statements.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For Year Ended June 30, 2021

| | Expenses | Expenses Allocation | Program Revenues | | Net (Expense) Revenue and Changes in Net Position |
|---|----------------------|------------------------|-------------------------|---------------------|--|
| | | | Charges for Services | Operating Grants | |
| FUNCTIONS/PROGRAMS | | | | | |
| General support | \$ 3,271,824 | \$ 738,181 | \$ - | \$ - | \$ (4,010,005) |
| Instruction | 17,678,449 | 7,285,490 | 284,200 | 1,159,623 | (23,520,116) |
| Pupil transportation | 1,475,384 | 467,739 | - | 7,558 | (1,935,565) |
| Employee benefits | 8,491,719 | (8,491,719) | - | - | - |
| Debt service-interest | 284,316 | - | - | - | (284,316) |
| Depreciation and loss on disposal | 1,502,757 | - | - | - | (1,502,757) |
| School lunch program | 501,193 | 309 | 21,599 | 571,267 | 91,364 |
| Total Functions and Programs | \$ 33,205,642 | \$ - | \$ 305,799 | \$ 1,738,448 | (31,161,395) |
| GENERAL REVENUES | | | | | |
| Real property taxes | | | | | 13,538,736 |
| Other tax items | | | | | 1,384,682 |
| Use of money and property | | | | | 45,077 |
| Sale of property and compensation for loss | | | | | 53,351 |
| Miscellaneous | | | | | 96,296 |
| State sources | | | | | 15,173,899 |
| Federal sources | | | | | 533,645 |
| Premium on obligations | | | | | 244,300 |
| Total General Revenues | | | | | 31,069,986 |
| Change in Net Position | | | | | (91,409) |
| Total Net Position - Beginning of year, restated | | | | | (4,215,509) |
| Total Net Position - End of year | | | | | \$ (4,306,918) |

See auditor's report. See notes to financial statements.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION
June 30, 2021

| | Total Governmental Funds | Long-term Assets, Liabilities | Reclassifications and Eliminations | Statement of Net Position Totals |
|--|--------------------------------|-------------------------------------|--|--|
| ASSETS | | | | |
| Unrestricted cash | \$ 21,549,918 | \$ - | \$ - | \$ 21,549,918 |
| Restricted cash | 4,920,144 | - | - | 4,920,144 |
| Other receivables, net | 25,101 | - | - | 25,101 |
| State and federal aid receivable | 1,633,139 | - | - | 1,633,139 |
| Due from other governments | 638,683 | - | - | 638,683 |
| Due from other funds | 943,066 | - | (943,066) | - |
| Due from fiduciary funds | - | - | 200,351 | 200,351 |
| Inventories | 14,006 | - | - | 14,006 |
| Capital assets (net) | - | 34,186,453 | - | 34,186,453 |
| | <u>\$ 29,724,057</u> | <u>\$ 34,186,453</u> | <u>\$ (742,715)</u> | <u>\$ 63,167,795</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | | |
| Pensions | \$ - | \$ 8,207,169 | \$ - | \$ 8,207,169 |
| OPEB-GASB#75 | - | 4,650,525 | - | 4,650,525 |
| | <u>\$ -</u> | <u>\$ 12,857,694</u> | <u>\$ -</u> | <u>\$ 12,857,694</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 387,043 | \$ - | \$ - | \$ 387,043 |
| Accrued liabilities | 227,878 | 23,916 | - | 251,794 |
| Payroll liabilities | 200,391 | - | - | 200,391 |
| Bonds payable | - | 5,320,000 | - | 5,320,000 |
| Capital lease payable | - | 1,932,592 | - | 1,932,592 |
| Bond anticipation notes payable | 18,500,000 | - | - | 18,500,000 |
| Other postemployment benefits payable | - | 35,391,815 | - | 35,391,815 |
| Compensated absences | - | 194,785 | - | 194,785 |
| Due to other funds | 742,715 | - | (742,715) | - |
| Due to other governments | 527 | - | - | 527 |
| Due to teachers' retirement system | 1,163,171 | - | - | 1,163,171 |
| Due to employees' retirement system | 118,398 | - | - | 118,398 |
| Unearned revenue | 2,437 | - | - | 2,437 |
| Net pension liability- proportionate share | - | 1,812,934 | - | 1,812,934 |
| | <u>\$ 21,342,560</u> | <u>\$ 44,676,042</u> | <u>\$ (742,715)</u> | <u>\$ 65,275,887</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pensions | \$ - | \$ 3,647,611 | \$ - | \$ 3,647,611 |
| OPEB-GASB#75 | - | 11,408,909 | - | 11,408,909 |
| | <u>\$ -</u> | <u>\$ 15,056,520</u> | <u>\$ -</u> | <u>\$ 15,056,520</u> |
| FUND BALANCE\NET POSITION | | | | |
| Total Fund Balance\Net Position | <u>\$ 8,381,497</u> | <u>\$ (12,688,415)</u> | <u>\$ -</u> | <u>\$ (4,306,918)</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position | <u>\$ 29,724,057</u> | <u>\$ 47,044,147</u> | <u>\$ (742,715)</u> | <u>\$ 76,025,489</u> |

See auditor's report. See notes to financial statements.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For Year Ended June 30, 2021

| | Total Governmental Funds | Long-term Revenue, Expenses | Capital Related Items | Long-term Debt Transactions | Statement of Activities Totals |
|--|--------------------------------|-----------------------------------|-----------------------------|-----------------------------------|--------------------------------------|
| REVENUES | | | | | |
| Real property taxes | \$ 13,538,736 | \$ - | \$ - | \$ - | \$ 13,538,736 |
| Other tax items | 1,384,682 | - | - | - | 1,384,682 |
| Charges for services | 284,200 | - | - | - | 284,200 |
| Use of money and property | 45,077 | - | - | - | 45,077 |
| Sale of property and compensation for loss | 53,351 | - | - | - | 53,351 |
| Miscellaneous | 96,296 | - | - | - | 96,296 |
| State sources | 15,411,834 | - | - | - | 15,411,834 |
| Federal sources | 2,034,158 | - | - | - | 2,034,158 |
| Sales - school lunch | 21,599 | - | - | - | 21,599 |
| Total Revenues | 32,869,933 | - | - | - | 32,869,933 |
| EXPENDITURES\EXPENSES | | | | | |
| General support | 3,313,498 | - | (41,674) | - | 3,271,824 |
| Instruction | 17,673,860 | 7,389 | (2,800) | - | 17,678,449 |
| Pupil transportation | 1,475,384 | - | - | - | 1,475,384 |
| Employee benefits | 6,212,214 | 2,279,505 | - | - | 8,491,719 |
| Debt service-principal | 1,666,919 | - | - | (1,666,919) | - |
| -interest | 268,862 | 15,454 | - | - | 284,316 |
| Cost of sales | 501,193 | - | - | - | 501,193 |
| Depreciation and loss on disposal | - | - | 1,502,757 | - | 1,502,757 |
| Capital outlay | 7,106,096 | - | (7,106,096) | - | - |
| Total Expenditures | 38,218,026 | 2,302,348 | (5,647,813) | (1,666,919) | 33,205,642 |
| Excess (Deficiency) of Revenues Over Expenditures | (5,348,093) | (2,302,348) | 5,647,813 | 1,666,919 | (335,709) |
| OTHER SOURCES AND USES | | | | | |
| Proceeds from debt | 420,000 | - | - | (420,000) | - |
| Operating transfers in | 243,220 | (243,220) | - | - | - |
| Operating transfers (out) | (243,220) | 243,220 | - | - | - |
| Premium on obligations | 244,300 | - | - | - | 244,300 |
| Total Other Sources (Uses) | 664,300 | - | - | (420,000) | 244,300 |
| Net Change for the Year | \$ (4,683,793) | \$ (2,302,348) | \$ 5,647,813 | \$ 1,246,919 | \$ (91,409) |

See auditor's report. See notes to financial statements.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
BALANCE SHEET- GOVERNMENTAL FUNDS

June 30, 2021

| | General | Special Aid | School Lunch | Debt Service | Capital Projects | Total Governmental Funds |
|--|----------------------|-------------------|-------------------|-------------------|----------------------|--------------------------------|
| ASSETS | | | | | | |
| Unrestricted cash | \$ 5,451,475 | \$ 3,308 | \$ 467,097 | \$ - | \$ 15,628,038 | \$ 21,549,918 |
| Restricted cash | 4,860,562 | - | - | 59,582 | - | 4,920,144 |
| Other receivables, net | 25,037 | - | - | - | 64 | 25,101 |
| State and federal aid receivable | 968,509 | 487,875 | 176,755 | - | - | 1,633,139 |
| Due from other funds | 688,110 | - | - | 233,484 | 21,472 | 943,066 |
| Due from other governments | 638,683 | - | - | - | - | 638,683 |
| Inventories | - | - | 14,006 | - | - | 14,006 |
| Total Assets | \$ 12,632,376 | \$ 491,183 | \$ 657,858 | \$ 293,066 | \$ 15,649,574 | \$ 29,724,057 |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 306,375 | \$ 575 | \$ 45,083 | \$ - | \$ 35,010 | \$ 387,043 |
| Accrued liabilities | 227,213 | 665 | - | - | - | 227,878 |
| Bond anticipation notes payable | - | - | - | - | 18,500,000 | 18,500,000 |
| Payroll liabilities | 200,391 | - | - | - | - | 200,391 |
| Due to other funds | 21,472 | 487,051 | 708 | - | 233,484 | 742,715 |
| Due to other governments | - | - | 527 | - | - | 527 |
| Due to teachers' retirement system | 1,163,171 | - | - | - | - | 1,163,171 |
| Due to employees' retirement system | 118,398 | - | - | - | - | 118,398 |
| Unearned revenue | - | - | 2,437 | - | - | 2,437 |
| Total Liabilities | 2,037,020 | 488,291 | 48,755 | - | 18,768,494 | 21,342,560 |
| FUND BALANCES | | | | | | |
| Non-spendable | - | - | 14,006 | - | - | 14,006 |
| Restricted | 4,860,563 | 2,890 | - | 293,066 | 15,148,631 | 20,305,150 |
| Assigned | 3,776,162 | 2 | 595,097 | - | - | 4,371,261 |
| Unassigned (Deficit) | 1,958,631 | - | - | - | (18,267,551) | (16,308,920) |
| Total Fund Balances | 10,595,356 | 2,892 | 609,103 | 293,066 | (3,118,920) | 8,381,497 |
| Total Liabilities and Fund Balances | \$ 12,632,376 | \$ 491,183 | \$ 657,858 | \$ 293,066 | \$ 15,649,574 | \$ 29,724,057 |

See auditor's report. See notes to financial statements.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- GOVERNMENTAL
FUNDS
For Year Ended June 30, 2021

| | ----- | | | | | |
|---|----------------------|------------------|-------------------|-------------------|-----------------------|--------------------------------|
| | General | Special Aid | School Lunch | Debt Service | Capital Projects | Total Governmental Funds |
| REVENUES | | | | | | |
| Real property taxes | \$ 13,538,736 | \$ - | \$ - | \$ - | \$ - | \$ 13,538,736 |
| Other tax items | 1,384,682 | - | - | - | - | 1,384,682 |
| Charges for services | 284,200 | - | - | - | - | 284,200 |
| Use of money and property | 41,209 | - | 488 | 3,380 | - | 45,077 |
| Sale of property and compensation for loss | 53,351 | - | - | - | - | 53,351 |
| Miscellaneous | 96,296 | - | - | - | - | 96,296 |
| State sources | 15,173,899 | 218,707 | 19,228 | - | - | 15,411,834 |
| Federal sources | 533,645 | 948,474 | 552,039 | - | - | 2,034,158 |
| Sales | - | - | 21,599 | - | - | 21,599 |
| Total Revenues | <u>31,106,018</u> | <u>1,167,181</u> | <u>593,354</u> | <u>3,380</u> | <u>-</u> | <u>32,869,933</u> |
| EXPENDITURES | | | | | | |
| General support | 3,313,498 | - | - | - | - | 3,313,498 |
| Instruction | 16,364,451 | 1,309,409 | - | - | - | 17,673,860 |
| Pupil transportation | 1,467,826 | 7,558 | - | - | - | 1,475,384 |
| Employee benefits | 6,211,905 | - | 309 | - | - | 6,212,214 |
| Debt service | | | | | | |
| Principal | 1,666,919 | - | - | - | - | 1,666,919 |
| Interest | 268,862 | - | - | - | - | 268,862 |
| Cost of sales | - | - | 501,193 | - | - | 501,193 |
| Capital outlay | - | - | - | - | 7,106,096 | 7,106,096 |
| Total Expenditures | <u>29,293,461</u> | <u>1,316,967</u> | <u>501,502</u> | <u>-</u> | <u>7,106,096</u> | <u>38,218,026</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>1,812,557</u> | <u>(149,786)</u> | <u>91,852</u> | <u>3,380</u> | <u>(7,106,096)</u> | <u>(5,348,093)</u> |
| OTHER SOURCES AND USES | | | | | | |
| Proceeds from debt | - | - | - | - | 420,000 | 420,000 |
| Operating transfers in | - | 143,220 | - | - | 100,000 | 243,220 |
| Operating transfers (out) | (243,220) | - | - | - | - | (243,220) |
| Premium on obligations | - | - | - | 244,300 | - | 244,300 |
| Total Other Sources (Uses) | <u>(243,220)</u> | <u>143,220</u> | <u>-</u> | <u>244,300</u> | <u>520,000</u> | <u>664,300</u> |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | <u>1,569,337</u> | <u>(6,566)</u> | <u>91,852</u> | <u>247,680</u> | <u>(6,586,096)</u> | <u>(4,683,793)</u> |
| Fund Balance - Beginning of year, restated | <u>9,026,019</u> | <u>9,458</u> | <u>517,251</u> | <u>45,386</u> | <u>3,467,176</u> | <u>13,065,290</u> |
| Fund Balance - (Deficit) End of year | <u>\$ 10,595,356</u> | <u>\$ 2,892</u> | <u>\$ 609,103</u> | <u>\$ 293,066</u> | <u>\$ (3,118,920)</u> | <u>\$ 8,381,497</u> |

See auditor's report. See notes to financial statements.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2021

| | Private Purpose Trusts | Custodial Funds |
|--|------------------------------|--------------------|
| ASSETS | | |
| Unrestricted cash | \$ 38,715 | \$ 287,780 |
| Due from custodial fund | 2,959 | - |
| | Total Assets | \$ 287,780 |
| | \$ 41,674 | \$ 287,780 |
| LIABILITIES | | |
| Due to governmental funds | \$ - | \$ 200,351 |
| Due to private purpose trust | - | 2,959 |
| Other liabilities | - | 484 |
| | Total Liabilities | 203,794 |
| | - | 203,794 |
| NET POSITION | | |
| Reserved for scholarships Individuals, Organizations and Other governments | 41,674 | - |
| | Total Net Position | 83,986 |
| | \$ 41,674 | \$ 83,986 |

See auditor's report. See notes to financial statements.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For Year Ended June 30, 2021

| | Private Purpose Trusts | Custodial Funds |
|---|------------------------------|--------------------|
| ADDITIONS | | |
| Contributions | \$ 2,959 | \$ - |
| Interest | 4 | - |
| Unclassified | - | 40,441 |
| | 2,963 | 40,441 |
| Total Additions | 2,963 | 40,441 |
| DEDUCTIONS | | |
| Scholarships and awards | 650 | - |
| Other custodial activities | - | 36,328 |
| | 650 | 36,328 |
| Total Deductions | 650 | 36,328 |
| Net Increase in Fiduciary Net Position | 2,313 | 4,113 |
| Net Position - Beginning of year | 39,361 | 79,873 |
| Net Position - End of year | \$ 41,674 | \$ 83,986 |

See auditor's report. See notes to financial statements.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

I. **Summary of Significant Accounting Policies**

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

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

A. **Reporting Entity**

The Cairo-Durham Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 9 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the School District's reporting entity:

The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the Cairo-Durham Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds are included in these financial statements. The District accounts for assets held as an agent for various student organizations in a custodial fund.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

B. Joint Venture

The Cairo-Durham Central School District is one of 22 component school districts in the Rensselaer, Columbia, and Greene Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

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

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which their students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

During the year ended June 30, 2021, the Cairo-Durham Central School District was billed \$3,412,761 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$1,133,908. Financial statements for the BOCES Aid are available from the BOCES administrative office.

C. Basis of Presentation

1. Districtwide Statements

The Districtwide Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes,

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

1. Districtwide Statements (Continued)

State Aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

2. 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 fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following funds:

a. Major Governmental Funds

- (1) General Fund** - This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.
- (2) Special Aid Fund** - These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

2. Fund Financial Statements (Continued)

a. Major Governmental Funds (Continued)

- (3) **School Lunch Fund** – Used to account for transactions of the District’s lunch and breakfast programs.
- (4) **Debt Service Fund** – This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.
- (5) **Capital Projects Fund** – This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

b. Fiduciary Funds

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

- (1) **Private Purpose Trust Funds** – These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.
- (2) **Custodial Funds** – These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting

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

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

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year.

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

E. Cash and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and districts. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

F. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on August 20, 2021. Taxes are collected during the period September 1 to November 2.

Uncollected real property taxes are subsequently enforced by the Counties of Greene, Albany and Schoharie. An amount representing uncollected real property taxes is transmitted to the Counties for enforcement and is paid by the Counties to the District no later than the forthcoming April 1.

G. Restricted Resources

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

H. Interfund Transactions

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

In the districtwide 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 funds, with the exception of those due from or to the fiduciary funds.

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

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

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

I. Estimates

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

J. Receivables

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

K. Inventories and Prepaid Items

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

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

A portion of fund balance has been classified as nonspendable to indicate that inventory and prepaids do not constitute available spendable resources.

L. Other Assets/Restricted Assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the districtwide financial statements and their use is limited by applicable bond covenants.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

L. Other Assets/Restricted Assets (Continued)

In the districtwide financial statements, bond discounts and premiums, and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

M. Capital Assets

Capital assets are reflected in the districtwide financial statements. Capital assets are reported at historical cost or estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets, except land, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds and estimated useful lives of capital assets reported in the districtwide statements are as follows:

| | <u>Capitalization Threshold</u> | <u>Estimated Useful Life</u> |
|----------------------------|-------------------------------------|----------------------------------|
| Buildings and Improvements | \$ 1,000 | 15-50 |
| Furniture and Equipment | \$ 1,000 | 5-25 |
| Vehicles | \$ 5,000 | 8-10 |

N. Compensated Absences

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

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

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

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

N. Compensated Absences (Continued)

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vested method and an accrual for that liability is included in the Districtwide Financial Statements. The compensated absences liability is calculated based on the pay rates in effect at year end. In the fund statements only, the amount of matured liabilities is accrued within the General Fund based upon expendable and available resources. These amounts are expensed on a pay-as-you-go basis.

O. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the districtwide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources.

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

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

P. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has three items that qualify for reporting in this category. The first item represents the effect of the net change in the District's proportion of the collective net pension asset or liability and the difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District's contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the districtwide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

Q. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The item is related to pensions reported in the Districtwide Statement of Net Position. This represents the effect of net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense, and the net difference between projected and actual earnings on pension plan investments. The second item is related to OPEB reported in the districtwide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

R. Unearned Revenue

Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when charges for service monies are received in advance from payers prior to the services being rendered by the District. These amounts are recorded as liabilities in the financial statements. The liabilities are removed, and revenues are recognized in subsequent periods when the District has legal claim to the resources.

S. Other Benefits

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

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

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

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

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. **Summary of Significant Accounting Policies (Continued)**

T. **Short-Term Debt**

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

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

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

U. **Equity Classifications**

1. **Districtwide Statements**

In the districtwide statements there are three classes of net position:

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

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

Unrestricted net position – reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. **Summary of Significant Accounting Policies (Continued)**

U. **Equity Classifications (Continued)**

2. **Fund Statements**

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

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$14,006.

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

1. **Encumbrances**

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

2. **Unemployment Insurance**

This reserve is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

3. Employee Benefit Accrued Liability

This reserve is used to set aside funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

4. Tax Certiorari

This reserve is used to accumulate funds to pay judgments and claims anticipated from tax certiorari proceedings. Any excess monies must be returned to the General Fund on or before the first day of the fourth fiscal year after the deposit of the monies. This reserve is accounted for in the General Fund.

5. Employee Retirement Contributions

This reserve is used for future employee's retirement obligations and teachers retirement obligations. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

6. Workers' Compensation

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

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

7. Insurance

The School District is insured through a cooperative self-insurance plan for workers' compensation, unemployment insurance, liability, casualty, and other types of losses for which the following types of insurance may not be purchased: workers' compensation, unemployment, life, annuities, accident and health, fidelity and surety, credit, title and residual value. The reserve is funded annually through budgetary provisions in the General Fund. Such reserve is recorded in the General Fund and, in the opinion of management, is adequate to fund the eventual loss on claims arising prior to year end.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

Restricted fund balance includes the following:

General Fund:

| | |
|------------------------------------|-----------------------------|
| Employee Benefit Accrued Liability | \$ 194,786 |
| Unemployment Insurance | 407,256 |
| Employee Retirement Contributions | 2,379,942 |
| Tax Certiorari | 849,622 |
| Workers' Compensation | 540,201 |
| Insurance | 262,360 |
| Teacher Retirement Contributions | 226,396 |
| Debt Service Fund | 293,066 |
| Special Aid Fund | 2,890 |
| Capital Fund | <u>15,148,631</u> |
| Total restricted funds | <u><u>\$ 20,305,150</u></u> |

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School District’s highest level of decision making, the Board of Education. The School District has no committed fund balances as of June 30, 2021.

Assigned – Includes amounts that are constrained by the School District’s intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as **Assigned Fund Balance** in the General Fund. Encumbrances reported in the General Fund amounted to \$226,162 and the assigned fund balance amounted to \$3,550,000.

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

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

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

Order of Use of Fund Balance:

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

V. New Accounting Standards

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

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

W. Future Changes in Accounting Standards

GASB has issued Statement 87, Leases, effective for the year ending June 30, 2022.

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

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

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

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

W. Future Changes in Accounting Standards (Continued)

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

GASB has issued Statement 96, Subscription-based Information technology Arrangements, effective for the year ending June 30, 2023.

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

The school district will evaluate the impact that these pronouncements may have on its financial statements and will implement them if applicable and when material.

II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements

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

1. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets.

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

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

a. Long-term revenue differences:

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

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements (Continued)

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

b. Capital related differences:

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

c. Long-term debt transaction differences:

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

d. Pension differences:

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

The costs of building and acquiring capital assets (land, buildings, and equipment) financed from governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually of their useful lives.

| | |
|---------------------------------|---------------------|
| Original cost of capital assets | \$51,110,109 |
| Accumulated depreciation | <u>16,923,656</u> |
| Capital assets, net | <u>\$34,186,453</u> |

Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

| | |
|---|---------------------|
| Bonds payable | <u>\$ 5,320,000</u> |
| OPEB obligations | <u>\$35,391,815</u> |
| Compensated Absences | <u>\$ 194,785</u> |
| Net pension liability-proportionate share | <u>\$ 1,812,934</u> |
| Capital lease payable | <u>\$ 1,932,592</u> |

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements (Continued)

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

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation and loss on disposal of \$1,502,757 was less than capital expenditures of \$7,150,570 in the current year.

Repayment of bond principal of \$1,666,919 is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities.

Interest on long-term debt and short-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The interest reported in the Statement of Activities increased by \$15,454.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. Cash and Investments

A. Deposits

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

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

Custodial credit risk is the risk that in an event of a bank failure, the District's deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- A. Uncollateralized
- B. Collateralized by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the District's name.

Deposits and investments at year end were entirely covered by Federal Deposit Insurance or by collateral held by the School District's custodial bank in the School District's name.

The District did not have any investments at year end or during the year.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

IV. Interfund Transaction

Interfund balances at June 30, 2021 are as follows:

| | Interfund | | Interfund | |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Receivable | Payable | Revenues | Expenditures |
| General Fund | \$ 688,110 | \$ 21,472 | \$ - | \$ 243,220 |
| Special Aid Fund | - | 487,051 | 143,220 | - |
| School Lunch Fund | | 708 | - | - |
| Capital Fund | 21,472 | 233,484 | 100,000 | |
| Debt Service Fund | 233,484 | - | - | - |
| Total governmental activities | <u>943,066</u> | <u>742,715</u> | <u>\$ 243,220</u> | <u>\$ 243,220</u> |
| Custodial Fund | <u>2,959</u> | <u>203,310</u> | | |
| Totals | <u>\$ 946,025</u> | <u>\$ 946,025</u> | | |

The District typically transfers from the General Fund to the Special Aid Fund to pay its' share of the Summer Handicapped Program.

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

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

V. Capital Assets

A summary of changes in general fixed assets follows:

| | Restated Balance 7/1/2020 | Additions | Deletions | Balance 6/30/2021 |
|--|---------------------------------|---------------------|---------------------|----------------------|
| <u>Capital assets-not depreciated:</u> | | | | |
| Land | \$ 181,025 | \$ - | \$ - | \$ 181,025 |
| Construction in progress | 1,972,299 | 6,605,947 | 2,201,616 | 6,376,630 |
| Total capital assets-not depreciated: | <u>2,153,324</u> | <u>6,605,947</u> | <u>2,201,616</u> | <u>6,557,655</u> |
| <u>Other capital assets:</u> | | | | |
| Buildings and improvements | 37,443,759 | 2,285,203 | - | 39,728,962 |
| Machinery and equipment | 1,339,368 | 44,474 | 1,148 | 1,382,694 |
| Vehicles | 3,280,986 | 416,562 | 256,750 | 3,440,798 |
| Total other capital assets: | <u>42,064,113</u> | <u>2,746,239</u> | <u>257,898</u> | <u>44,552,454</u> |
| <u>Less accumulated depreciation:</u> | | | | |
| Buildings and improvements | 13,189,576 | 894,086 | - | 14,083,662 |
| Machinery and equipment | 893,582 | 92,483 | 1,148 | 984,917 |
| Vehicles | 1,595,639 | 478,542 | 219,104 | 1,855,077 |
| Total accumulated depreciation | <u>15,678,797</u> | <u>1,465,111</u> | <u>220,252</u> | <u>16,923,656</u> |
| Other capital assets, net | <u>26,385,316</u> | <u>1,281,128</u> | <u>37,646</u> | <u>27,628,798</u> |
| Total | <u>\$ 28,538,640</u> | <u>\$ 7,887,075</u> | <u>\$ 2,239,262</u> | <u>\$ 34,186,453</u> |

Depreciation expense for the period was shown as unallocated in the Statement of Activities.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans

1. General Information

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems).

2. Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

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

Employees' Retirement System (ERS)

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

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

Funding Policies:

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier 6 vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

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

Contributions

| | <u>ERS</u> | <u>TRS</u> |
|------|------------|-------------|
| 2021 | \$404,372 | \$1,058,595 |
| 2020 | \$394,437 | \$1,214,924 |
| 2019 | \$401,101 | \$1,117,113 |

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

At June 30, 2021, the District reported the following asset/(liability) for its proportionate share of the net pension asset /(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2021 for ERS and June 30, 2019 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

| | <u>ERS</u> | <u>TRS</u> |
|--|------------|-------------|
| Actuarial valuation date | 1-Apr-20 | 30-Jun-19 |
| Net pension (asset)/liability | \$9,168 | \$1,803,766 |
| District's portion of the Plan's total net pension asset/(liability) | .0092068% | .065277% |
| Change in proportion since the prior measurement date | .0009748% | .00057% |

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

For the year ended June 30, 2021, the District's recognized pension expense (credit) of \$251,707 for ERS and \$2,428,090 for TRS. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resource</u> | | <u>Deferred Inflows of Resources</u> | |
|---|--------------------------------------|--------------------|--------------------------------------|------------------|
| | <u>ERS</u> | <u>TRS</u> | <u>ERS</u> | <u>TRS</u> |
| Differences between expected and actual experience | \$111,961 | \$1,580,460 | \$0 | \$92,440 |
| Changes of assumptions | 1,685,622 | 2,281,344 | 31,791 | 813,180 |
| Net difference between projected and actual earnings on pension plan investments | 0 | 1,178,017 | 2,633,468 | 0 |
| Changes in proportion and differences between the District's contributions and proportionate share of contributions | 119,308 | 53,499 | 12,937 | 63,795 |
| District's contributions subsequent to the measurement date | 118,398 | 1,078,560 | 0 | 0 |
| Total | <u>\$2,035,289</u> | <u>\$6,171,880</u> | <u>\$2,678,196</u> | <u>\$969,415</u> |

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

| | <u>ERS</u> | <u>TRS</u> |
|-------------|-------------|------------|
| Year ended: | | |
| 2021 | \$ - | \$ 702,253 |
| 2022 | (\$120,880) | 1,418,032 |
| 2023 | (\$24,677) | 1,167,024 |
| 2024 | (\$122,231) | 724,183 |
| 2025 | (\$493,517) | 33,340 |
| Thereafter | \$0 | 79,074 |

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

4. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

| | <u>ERS</u> | <u>TRS</u> |
|--------------------------|--|--|
| Measurement date | March 31, 2021 | June 30, 2020 |
| Actuarial valuation date | April 1, 2020 | June 30, 2019 |
| Interest rate | 5.9% | 7.10% |
| Salary scale | 4.40% | 1.90%-4.72% |
| Decrement tables | April 1, 2015 - March 31, 2020 System's Experience | July 1, 2009 - June 30, 2014 System's Experience |
| Inflation rate | 2.5% | 2.20% |

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

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

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

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

| Measurement date | <u>ERS</u> March 31, 2021 | <u>TRS</u> June 30, 2020 |
|------------------------------------|------------------------------|-----------------------------|
| <u>Asset Type</u> | <u>%</u> | <u>%</u> |
| Domestic Equities | 32% | 33% |
| International Equities | 15% | 16% |
| Global equities | 0% | 4% |
| Private Equity | 10% | 8% |
| Real Estate Equity | 9% | 11% |
| Domestic fixed income securities | 23% | 16% |
| Global bonds | 0% | 2% |
| Private debt | 4% | 1% |
| Absolute return strategies | 3% | 0% |
| Real estate debt | 0% | 7% |
| Cash Equivalents | 1% | 1% |
| High yield fixed income securities | 0% | 1% |
| Real assets | 3% | 0% |

5. Discount Rate

The discount rate used to calculate the total pension liability was 5.90 % for ERS and 7.10 % for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

6. Sensitivity of the Proportionate Share of Net Pension Asset/Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.9% or ERS and 6.10% for TRS) or 1-percentage point higher (6.9% for ERS and 8.10% for TRS) than the current rate :

| ERS | 1% Decrease <u>(4.90%)</u> | Current Assumption <u>(5.90%)</u> | 1% Increase <u>(6.90%)</u> |
|--|----------------------------------|---|----------------------------------|
| Employer's proportionate share Of the net pension (asset) liability | \$2,544,565 | \$9,168 | (\$2,329,062) |
| | | | |
| TRS | 1% Decrease <u>(6.10%)</u> | Current Assumption <u>(7.10%)</u> | 1% Increase <u>(8.10%)</u> |
| Employer's proportionate share Of the net pension (asset) liability | \$11,393,767 | \$1,803,766 | (\$6,244,676) |

7. Pension Plan Fiduciary Net Position

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

| | <u>ERS</u> | <u>TRS</u> |
|---|----------------|--------------------|
| Measurement date | March 31, 2021 | June 30, 2020 |
| Employers' total pension liability | \$ 220,680,157 | \$ 123,242,776,215 |
| Plan Fiduciary Net Position | 220,580,583 | 120,479,505,380 |
| Employers' net pension liability/(asset) | 99,574 | 2,763,270,835 |
| Plan fiduciary net position as a percentage of total pension (asset)/liability | 99.9500% | 97.8000% |

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$118,398.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$1,163,171.

VII. Short-Term Debt Obligations

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

| | <u>Maturity</u> | <u>Interest Rate</u> | <u>Balance 7/1/2020</u> | <u>Issued</u> | <u>Redeemed</u> | <u>Balance 6/30/21</u> |
|-----|-----------------|----------------------|-------------------------|----------------------|---------------------|------------------------|
| BAN | 2021 | 1.5% | \$ - | \$ 6,500,000 | \$6,500,000 | \$ - |
| BAN | 2022 | 1.5% | - | 18,500,000 | - | 18,500,000 |
| | | | <u>\$ -</u> | <u>\$ 25,000,000</u> | <u>\$ 6,500,000</u> | <u>\$ 18,500,000</u> |

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

| | |
|---|-----------------|
| Interest paid | \$16,972 |
| Plus interest accrued in the current year | <u>15,417</u> |
| Total expense | <u>\$32,389</u> |

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Long-Term Debt Obligations

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

1. Long-Term Debt Interest

| | |
|---|------------------|
| Interest paid | \$251,890 |
| Less interest accrued in the prior year | (8,462) |
| Plus interest accrued in the current year | <u>8,499</u> |
| Total expense | <u>\$251,927</u> |

2. Changes

| | Balance 7/1/2020 | Additions | Deletions | Balance 6/30/2021 | Due Within One Year |
|---|----------------------|-------------------|---------------------|----------------------|------------------------|
| Serial Bonds | \$ 6,510,000 | \$ 420,000 | \$ 1,610,000 | \$ 5,320,000 | <u>\$ 1,300,000</u> |
| EPC-Capital Lease | 1,989,511 | - | 56,919 | 1,932,592 | <u>\$ 115,606</u> |
| Compensated Absences | 187,396 | 7,389 | - | 194,785 | |
| OPEB Obligations | 37,185,704 | - | 1,793,889 | 35,391,815 | |
| Net Pension Liability- Proportionate Share | 2,336,441 | - | 523,507 | 1,812,934 | |
| Totals | <u>\$ 48,209,052</u> | <u>\$ 427,389</u> | <u>\$ 3,984,315</u> | <u>\$ 44,652,126</u> | |

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

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Long-Term Debt Obligations (Continued)

3. Maturity

a. The following is a summary of the debt issued:

| Purpose | Issue Date | Final Maturity | Interest Rate | Outstanding 6/30/2021 |
|------------------------------|---------------|-------------------|------------------|--------------------------|
| Serial Bonds: | | | | |
| Buses | 2019 | 2024 | 1.92% | \$ 400,000 |
| Buses | 2020 | 2025 | 1.20% | 420,000 |
| Buses | 2018 | 2023 | 2.49% | 290,000 |
| Buses | 2017 | 2022 | 1.86% | 110,000 |
| Construction | 2017 | 2032 | 2.36% | 1,265,000 |
| Construction | 2015 | 2031 | 2.75-3.5% | 435,000 |
| Advanced refunding | 2019 | 2027 | 2-5% | 2,015,000 |
| Construction | 2013 | 2028 | 2.89% | 385,000 |
| Total | | | | <u>\$ 5,320,000</u> |
| | | | | |
| Installment Purchase Debt | 2020 | 2035 | | <u>\$ 1,932,592</u> |

b. The following is a summary of maturing principal debt service requirements:

| Serial Bonds: | Year | Principal | Interest | Total |
|---------------|---------------------|---------------------|-------------------|---------------------|
| | 2022 | \$ 1,300,000 | \$ 164,087 | \$ 1,464,087 |
| | 2023 | 1,190,000 | 125,622 | 1,315,622 |
| | 2024 | 890,000 | 89,713 | 979,713 |
| | 2025 | 570,000 | 58,527 | 628,527 |
| | 2026 | 340,000 | 41,331 | 381,331 |
| | 2027 and thereafter | 1,030,000 | 98,261 | 1,128,261 |
| Total | | <u>\$ 5,320,000</u> | <u>\$ 577,541</u> | <u>\$ 5,897,541</u> |

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Long-Term Debt Obligations (Continued)

4. Capital Leases

The Cairo-Durham Central School District entered into an agreement to finance the cost of energy efficiency improvements over a 15-year period. The unpaid balance at June 30, 2021 was \$1,932,592. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of June 30, 2021.

| <u>Year Ending June 30,</u> | <u>General Long-Term Debt</u> |
|---|-----------------------------------|
| 2022 | \$ 154,901 |
| 2023 | 154,902 |
| 2024 | 154,902 |
| 2025 | 154,902 |
| 2026 | 154,902 |
| Thereafter | <u>1,471,561</u> |
| Minimum lease payments-Capital lease | 2,246,070 |
| Less: Amount representing interest of 2.064% | <u>313,478</u> |
| Present value- minimum lease payments | <u>\$1,932,592</u> |

Prior-Year Defeasance of Debt

Certain general obligation bonds were defeased by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the liability for the defeased bonds and the trust account assets are not included in the financial statements.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

IX. Postemployment (Health Insurance) Benefits

A. General Information about the OPEB Plan

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

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

Employees Covered by Benefit Terms- At June 30, 2021, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive members or beneficiaries currently receiving benefit payments | 118 |
| Inactive members entitled to but not yet receiving benefit payments | - |
| Active plan members | <u>173</u> |
| Total members | 291 |

B. Total OPEB Liability

The District's total OPEB liability of \$35,391,815 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

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

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

IX. Postemployment (Health Insurance) Benefits (Continued)

B. Total OPEB Liability (Continued)

| | |
|-----------------------------|---|
| Inflation | 2.60% |
| Salary Increases | 2.60%, average, including inflation |
| Discount Rate | 2.16% |
| Healthcare Cost Trend Rates | 5.3% for 2021, decreasing to an ultimate rate of 4.1% over 55 years |

Retiree's Share of Benefit-Related Costs 45% of projected health insurance premiums for retirees

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

Mortality rates were based on the April 1, 2010-March 31, 2015 NYSLRS experience, with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period April 1, 2010-March 31, 2015.

C. Changes in the Total OPEB Liability

| | |
|--|---------------------|
| Balance at June 30, 2020 | <u>\$37,185,704</u> |
| <u>Changes for the Year</u> | |
| Service cost | 1,903,057 |
| Interest | 858,231 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | (4,555,020) |
| Changes in assumptions or other inputs | 512,230 |
| Benefit payments | <u>(512,387)</u> |
| Net Changes | <u>(1,793,889)</u> |
| Balance at June 30, 2021 | <u>\$35,391,815</u> |

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

IX. Postemployment (Health Insurance) Benefits (Continued)

C. Changes in the Total OPEB Liability (Continued)

Changes of assumptions and other inputs reflect no change in the discount rate from 2.21% in 2020 to 2.16% in 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate- The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

| | <u>(1.16%) 1% Decrease</u> | <u>Current Discount Rate (2.16%)</u> | <u>(3.16%) 1% Increase</u> |
|----------------------|--------------------------------|--|--------------------------------|
| Total OPEB Liability | <u>\$43,181,641</u> | <u>\$35,391,815</u> | <u>\$29,361,580</u> |

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

| | <u>1% Decrease</u> | <u>Healthcare Cost Trend Rates</u> | <u>1% Increase</u> |
|----------------------|---------------------|--|---------------------|
| Total OPEB Liability | <u>\$28,340,083</u> | <u>\$35,391,815</u> | <u>\$44,984,075</u> |

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

IX. Postemployment (Health Insurance) Benefits (Continued)

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,073,254. At June 30, 2021, the District reported deferred outflows of resources 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 | \$ 16,204 | (\$5,025,726) |
| Changes of assumptions or other inputs | <u>4,634,321</u> | <u>(6,383,183)</u> |
| Total | <u>\$4,650,525</u> | <u>(\$11,408,909)</u> |

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

| <u>Fiscal Year Ending June 30,</u> | <u>Amount</u> |
|------------------------------------|---------------|
| 2022 | (\$1,175,647) |
| 2023 | (1,175,647) |
| 2024 | (1,175,647) |
| 2025 | (1,175,647) |
| 2026 | (1,175,647) |
| Thereafter | (880,149) |

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

X. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

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

2. Other Items

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

3. Workers' Compensation Insurance

The School District participates in a risk-sharing pool, Rensselaer-Columbia-Greene Workers' Compensation Consortium, to insure workers' compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risk related to workers' compensation claims.

4. Health Insurance

The School District participates in the Rensselaer-Columbia-Greene Health Insurance Trust which is a trust formed under New York State Insurance Law on June 30, 1988. The Trust's purpose is to provide health insurance coverage at a lower rate for member educational institutions due to a larger participation pool.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

X. Commitments and Contingencies (Continued)

A. Risk Financing and Related Insurance (Continued)

5. Litigation

There are currently pending tax certiorari proceedings, the results of which could require the payments of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. The School District has established a tax certiorari reserve to cover a portion of the potential refund exposure and the District has legal authority to borrow funds to repay school taxes when needed.

B. Operating Leases

The School District leases property and equipment under operating leases. Total rental expenditures on such leases for the fiscal year ended June 30, 2021 was approximately \$38,517. The future non-cancelable operating lease payments are as follows:

| <u>Year Ended</u> | <u>Lease Payments</u> |
|-------------------|-----------------------|
| 2022 | \$ 38,517 |
| 2023 | 38,517 |
| | <u>\$ 77,034</u> |

XI. Tax Abatements

The Counties of Albany, Greene and Schoharie, enter into various property tax abatement programs for the purpose of economic development. The School District property tax revenue was reduced approximately \$475,000. The District received payments in Lieu of Tax (PILOT) payment totaling \$317,819.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

XII. Other Disclosures

A. Prior Period Adjustment

The reconciliation of restated amounts to the June 30, 2020 year end balance is:

| | <u>Governmental Funds</u> | <u>Statement of Net Position</u> |
|--|-------------------------------|--------------------------------------|
| Beginning Fund Balance And Net Position | \$13,104,801 | (\$4,164,454) |

The following adjustment is necessary to determine the revised beginning Net Position for the Statement of Activities and the fund balance for governmental funds:

| | | |
|------------------------------------|----------|----------|
| Capital Fund-EPC Project | (39,511) | (39,511) |
| Capital Assets- Physical Inventory | - | (11,544) |

Beginning net position reported on Statement of Activities, for governmental activities, and Beginning fund balance for governmental funds at July 1, 2020.

| | | |
|--|---------------------|----------------------|
| | <u>\$13,065,290</u> | <u>(\$4,215,509)</u> |
|--|---------------------|----------------------|

B. Summary of Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

| | | |
|--|----------------|--|
| Total governmental fund balance | \$ 8,381,497 | |
| Capital assets (net) | 34,186,453 | |
| Deferred outflows of resources | 12,857,694 | |
| Bonds payable | (5,320,000) | |
| Capital lease payable | (1,932,592) | |
| Accrued interest payable | (23,916) | |
| Net pension liability- proportionate share | (1,812,934) | |
| Deferred inflows of resources | (15,056,520) | |
| Compensated absences | (194,785) | |
| OPEB obligations | (35,391,815) | |
| Total net position | \$ (4,306,918) | |

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

XII. Other Disclosures (Continued)

C. Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

| | |
|--|-------------------|
| Net changes in fund balance – total governmental funds | (\$4,683,793) |
| Capital outlays are expenditures in governmental funds, but are capitalized in the Statement of Net Position | 7,150,570 |
| Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the Statement of Activities | (1,465,111) |
| Loss on disposal of assets | (37,646) |
| Repayments of Long-term Debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the Statement of Net Position | 1,666,919 |
| Interest is recognized as an expense in governmental funds when paid. For governmental activities, interest expense is recognized as it accrues. The increase in accrued interest during 2020/21 results in more expense. | (15,454) |
| Proceeds from debt are recognized as revenue in the Governmental Funds, but not in the Statement of Activities | (420,000) |
| (Increases) Decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore, are not reported as revenues or expenditures in the governmental funds: | |
| Teachers' Retirement System | (1,370,258) |
| Employees' Retirement System | 164,007 |
| Certain expenses in the Statement of Activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds: | |
| OPEB obligations | (1,073,254) |
| Compensated absences | <u>(7,389)</u> |
| Change in Net Position – Governmental Activities | <u>(\$91,409)</u> |

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

XIII. Stewardship, Compliance and Accountability

A. Budgetary Procedures and Budgetary Accounting

1. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the governmental funds for which legal (appropriated) budgets are adopted. The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

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

The General Fund budget was increased to reflect the carryover encumbrances in the amount of \$236,423.

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

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

Special Aid Fund and School Lunch Fund have not been included because they do not have legally authorized budgets.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

XIII. Stewardship, Compliance and Accountability (Continued)

A. Budgetary Procedures and Budgetary Accounting (Continued)

2. Encumbrances

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

3. Section 1318 of Real Property Tax Law establishes the maximum unassigned fund balance that can be retained by a school district. The current law limits this amount to 4% of the ensuing year's budget. The District's financial statements for the year ended June 30, 2021, indicate that the unassigned fund balance is in excess of the legal limit.

Due to the current COVID-19 pandemic and the uncertainty of future State and Federal Aid, the District feels it is prudent to maintain excess fund balance at this time.

4. The Capital Fund had a negative fund balance at June 30, 2021 in the amount of \$3,118,920. This will be rectified when the District obtains permanent financing for the ongoing Capital Project.

XIV. Subsequent Events

There were no subsequent events to report from June 30, 2021 to October 8, 2021.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES COMPARED TO BUDGET- GENERAL FUND
For Year Ended June 30, 2021

| | Original Budget | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|---|----------------------|----------------------|-------------------|--|
| REVENUES | | | | |
| Local Sources | | | | |
| Real property taxes | \$ 13,551,389 | \$ 13,551,389 | \$ 13,538,736 | \$ (12,653) |
| Other tax items | 1,396,378 | 1,396,378 | 1,384,682 | (11,696) |
| Charges for services | 64,129 | 64,129 | 284,200 | 220,071 |
| Use of money and property | 127,500 | 127,500 | 41,209 | (86,291) |
| Sale of property and compensation for loss | 2,000 | 2,000 | 53,351 | 51,351 |
| Miscellaneous | 195,000 | 195,000 | 96,296 | (98,704) |
| Total Local Sources | <u>15,336,396</u> | <u>15,336,396</u> | <u>15,398,474</u> | <u>62,078</u> |
| State sources | 15,356,143 | 15,356,143 | 15,173,899 | (182,244) |
| Federal sources | 120,000 | 120,000 | 533,645 | 413,645 |
| Total Revenues | <u>30,812,539</u> | <u>30,812,539</u> | <u>31,106,018</u> | <u>\$ 293,479</u> |
| Other Financing Sources | | | | |
| Operating transfers in | - | - | - | - |
| Total Revenues and Other Financing Sources | <u>30,812,539</u> | <u>30,812,539</u> | <u>31,106,018</u> | <u>\$ 293,479</u> |
| Appropriated Fund Balance | 1,550,000 | 1,550,000 | | |
| Appropriated Reserves | 150,000 | 386,423 | | |
| Total Revenues, Appropriated Fund Balance and Reserves | <u>\$ 32,512,539</u> | <u>\$ 32,748,962</u> | | |

See paragraph on required supplementary information included in auditor's report.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES, OTHER USES AND ENCUMBRANCES COMPARED TO BUDGET-
GENERAL FUND
For Year Ended June 30, 2021

| | Original Budget | Revised Budget | Actual | Encumbrances | Variance Favorable (Unfavorable) |
|--|----------------------|----------------------|----------------------|-------------------|--|
| EXPENDITURES | | | | | |
| General Support | | | | | |
| Board of education | \$ 31,685 | \$ 32,566 | \$ 24,841 | \$ - | \$ 7,725 |
| Central administration | 241,147 | 268,756 | 268,744 | - | 12 |
| Finance | 437,943 | 498,214 | 482,796 | 10,900 | 4,518 |
| Staff | 156,937 | 148,479 | 141,226 | 6,191 | 1,062 |
| Central services | 2,424,762 | 2,376,697 | 1,957,219 | 176,929 | 242,549 |
| Special items | 437,762 | 440,434 | 438,672 | - | 1,762 |
| Total General Support | <u>3,730,236</u> | <u>3,765,146</u> | <u>3,313,498</u> | <u>194,020</u> | <u>257,628</u> |
| Instruction | | | | | |
| Instruction, administration and improvement | 1,360,359 | 1,269,517 | 1,262,804 | - | 6,713 |
| Teaching - regular school | 8,166,652 | 8,331,868 | 7,794,832 | 4,835 | 532,201 |
| Programs for children with handicapping conditions | 4,219,954 | 4,316,414 | 4,255,137 | 179 | 61,098 |
| Occupational education | 825,553 | 825,553 | 768,606 | - | 56,947 |
| Special schools | 41,393 | 41,393 | 23,006 | 837 | 17,550 |
| Instructional media | 1,154,675 | 1,160,528 | 1,098,573 | 3,190 | 58,765 |
| Pupil services | 1,313,424 | 1,316,844 | 1,161,493 | 23,101 | 132,250 |
| Total Instructional | <u>17,082,010</u> | <u>17,262,117</u> | <u>16,364,451</u> | <u>32,142</u> | <u>865,524</u> |
| Pupil Transportation | 2,022,927 | 2,025,927 | 1,467,826 | - | 558,101 |
| Employee Benefits | 7,343,475 | 7,361,881 | 6,211,905 | - | 1,149,976 |
| Debt Service | | | | | |
| Principal | 1,718,883 | 1,726,502 | 1,666,919 | - | 59,583 |
| Interest | 305,008 | 297,389 | 268,862 | - | 28,527 |
| Total Expenditures | <u>32,202,539</u> | <u>32,438,962</u> | <u>29,293,461</u> | <u>226,162</u> | <u>2,919,339</u> |
| OTHER FINANCING USES | | | | | |
| Operating transfers out | 310,000 | 310,000 | 243,220 | - | 66,780 |
| Total Expenditures and Other Financing Uses | <u>\$ 32,512,539</u> | <u>\$ 32,748,962</u> | <u>29,536,681</u> | <u>\$ 226,162</u> | <u>\$ 2,986,119</u> |
| Net change in fund balance | | | 1,569,337 | | |
| Fund balance- Beginning | | | <u>9,026,019</u> | | |
| Fund balance- Ending | | | <u>\$ 10,595,356</u> | | |

See paragraph on required supplementary information included in auditor's report.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
For Year Ended June 30, 2021

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|----------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | | |
| Service Cost at end of year | \$ 1,903,057 | \$ 1,392,868 | \$ 2,076,850 | \$ 2,145,184 |
| Interest | 858,231 | 1,073,890 | 1,207,627 | 1,125,404 |
| Changes of benefit terms | - | - | - | - |
| Difference between expected and actual experience | (4,555,020) | - | (1,629,046) | 25,332 |
| Changes of assumptions or other inputs | 512,230 | 5,680,089 | (10,065,788) | - |
| Benefit payments | (512,387) | (497,457) | (457,988) | (515,240) |
| Net change in Total OPEB Liability | (1,793,889) | 7,649,390 | (8,868,345) | 2,780,680 |
| Total OPEB Liability- beginning | <u>37,185,704</u> | <u>29,536,314</u> | <u>38,404,659</u> | <u>35,623,979</u> |
| Total OPEB Liability- ending | <u>\$ 35,391,815</u> | <u>\$ 37,185,704</u> | <u>\$ 29,536,314</u> | <u>\$ 38,404,659</u> |
| Covered-employee payroll | 10,665,733 | 12,911,901 | 12,911,901 | 13,676,739 |
| Total OPEB Liability as a percentage of covered-employee payroll | 331.83% | 288.00% | 228.75% | 280.80% |

See paragraph on required supplementary information included in auditor's report

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
June 30, 2021

| | <u>Teachers' Retirement System</u> | | | | | |
|---|-------------------------------------|----------------|----------------|---------------|---------------|----------------|
| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
| District 's proportion of the net pension asset | .065277% | .064707% | .065312% | .065721% | .065898% | .065301% |
| District's proportionate share of the net pension (asset) liability | \$ 1,803,766 | \$ (1,681,095) | \$ (1,181,015) | \$ (499,546) | \$ 705,795 | \$ (6,782,742) |
| District's covered-employee payroll | \$ 11,317,525 | \$ 11,319,806 | \$ 11,260,992 | \$ 10,887,593 | \$ 10,737,007 | \$ 10,451,851 |
| District's proportionate share of the net pension liability/asset as a percentage of its covered-employee payroll | 15.94% | 14.85% | 10.49% | 4.59% | 6.57% | 64.90% |
| Plan fiduciary net position as a percentage of the total pension liability | 97.80% | 102.20% | 101.53% | 100.66% | 99.01% | 110.46% |
| | <u>Employees' Retirement System</u> | | | | | |
| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
| District 's proportion of the net pension liability | .0092068% | .0088232% | .0089776% | .0090001% | .0096091% | .0106635% |
| District's proportionate share of the net pension liability | \$ 9,168 | \$ 2,336,441 | \$ 636,091 | \$ 290,474 | \$ 902,892 | \$ 1,711,518 |
| District's covered-employee payroll | \$ 2,831,124 | \$ 2,905,168 | \$ 2,684,634 | \$ 2,595,390 | \$ 2,610,457 | \$ 2,831,410 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 0.32% | 80.42% | 23.69% | 11.19% | 34.58% | 60.45% |
| Plan fiduciary net position as a percentage of the total pension liability | 99.95% | 86.39% | 96.27% | 98.24% | 94.70% | 90.70% |

See paragraph on required supplementary information included in auditor's report.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
June 30, 2021

| | <u>Teachers' Retirement System</u> | | | | | |
|--|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
| Contractually required contribution | \$ 1,078,560 | \$ 1,002,935 | \$ 1,195,917 | \$ 1,066,984 | \$ 1,258,377 | \$ 1,385,915 |
| Contributions in relation to the contractually required contribution | <u>1,078,560</u> | <u>1,002,935</u> | <u>1,195,917</u> | <u>1,066,984</u> | <u>1,258,377</u> | <u>1,385,915</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered-employee payroll | <u>\$ 11,317,525</u> | <u>\$ 11,319,806</u> | <u>\$ 11,260,992</u> | <u>\$ 10,887,593</u> | <u>\$ 10,737,007</u> | <u>\$ 10,451,851</u> |
| Contributions as a percentage of covered employee payroll | 9.53% | 8.86% | 10.62% | 9.80% | 11.72% | 13.26% |

| | <u>Employees' Retirement System</u> | | | | | |
|--|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
| Contractually required contribution | \$ 404,372 | \$ 394,437 | \$ 401,101 | \$ 407,889 | \$ 434,350 | \$ 539,419 |
| Contributions in relation to the contractually required contribution | <u>404,372</u> | <u>394,437</u> | <u>401,101</u> | <u>407,889</u> | <u>434,350</u> | <u>539,419</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered-employee payroll | <u>\$ 2,831,124</u> | <u>\$ 2,905,168</u> | <u>\$ 2,684,634</u> | <u>\$ 2,595,390</u> | <u>\$ 2,610,457</u> | <u>\$ 2,831,410</u> |
| Contributions as a percentage of covered employee payroll | 14.28% | 13.58% | 14.94% | 15.72% | 19.00% | 19.90% |

See paragraph on required supplementary information included in auditor's report.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
 SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET AND
 THE REAL PROPERTY TAX LIMIT
 For Year Ended June 30, 2021

CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET

| | |
|---------------------------|-----------------------------|
| Original Budget | \$ 32,512,539 |
| Additions: | |
| Prior year's encumbrances | <u>236,423</u> |
| Revised Budget | <u><u>\$ 32,748,962</u></u> |

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

| | |
|---|---------------------|
| 2021-22 Voter-approved Expenditure Budget | \$ 33,212,222 |
| Maximum allowed (4% of 2021-2022 Budget) | <u>\$ 1,328,489</u> |

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

| | |
|---------------------------------|---------------------|
| Unrestricted fund balance: | |
| Committed fund balance | - |
| Assigned fund balance | 3,776,162 |
| Unassigned fund balance | <u>1,958,631</u> |
| Total unrestricted fund balance | <u>\$ 5,734,793</u> |

| | |
|--|---------------------|
| Less: | |
| Appropriated fund balance | 3,550,000 |
| Encumbrances included in committed and assigned fund balance | <u>226,162</u> |
| Total adjustments | <u>\$ 3,776,162</u> |

| | |
|--|----------------------------|
| General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law | <u><u>\$ 1,958,631</u></u> |
|--|----------------------------|

| | |
|-------------------|-------|
| Actual percentage | 5.89% |
|-------------------|-------|

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

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND
For Year Ended June 30, 2021

| PROJECT TITLE | Original Budget | Revised Budget | Expenditures | | | Methods of Financing | | | | Fund Balance June 30, 2021 | |
|--------------------------------------|----------------------|----------------------|---------------------|---------------------|---------------------|-----------------------|-------------------|----------------------------|---------------------|-------------------------------|-----------------------|
| | | | Prior Years | Current Year | Total | Unexpended Balance | NYS Sources | Proceeds of Obligations | Local Sources | | Total |
| Durham Building | \$ 85,000 | \$ 190,000 | \$ 163,346 | \$ - | \$ 163,346 | \$ 26,654 | \$ - | \$ - | \$ 190,000 | \$ 190,000 | \$ 26,654 |
| Roof 19/20 | 100,000 | 100,000 | 88,270 | - | 88,270 | 11,730 | - | - | 100,000 | 100,000 | 11,730 |
| Buses 20/21 | 420,000 | 420,000 | - | 416,562 | 416,562 | 3,438 | - | 420,000 | - | 420,000 | 3,438 |
| Buses 18/19 | 525,000 | 525,000 | 520,298 | - | 520,298 | 4,702 | - | 525,000 | - | 525,000 | 4,702 |
| Districtwide 2018 Project 2020-21 | 29,800,000 | 29,800,000 | 1,159,729 | 5,032,720 | 6,192,449 | 23,607,551 | - | - | 2,950,757 | 2,950,757 | (3,241,692) |
| Smart Schools | 100,000 | 100,000 | - | 83,587 | 83,587 | 16,413 | - | - | 100,000 | 100,000 | 16,413 |
| EPC | 298,754 | 298,754 | 184,181 | - | 184,181 | 114,573 | 184,181 | - | - | 184,181 | - |
| | 1,950,000 | 1,989,511 | 376,773 | 1,573,227 | 1,950,000 | - | - | 1,950,000 | - | 1,950,000 | - |
| | <u>\$ 33,278,754</u> | <u>\$ 33,423,265</u> | <u>\$ 2,492,597</u> | <u>\$ 7,106,096</u> | <u>\$ 9,598,693</u> | <u>\$ 23,785,061</u> | <u>\$ 184,181</u> | <u>\$ 2,895,000</u> | <u>\$ 3,340,757</u> | <u>\$ 6,419,938</u> | <u>\$ (3,178,755)</u> |

See paragraph on required supplementary information included in auditor's report.

CAIRO-DURHAM CENTRAL SCHOOL DISTRICT
 SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
 FOR THE YEAR ENDED JUNE 30, 2021

| | | |
|---|---------------------|-----------------------------|
| Capital assets, net | | \$ 34,186,453 |
| Deduct: | | |
| Bond anticipation notes payable | \$ 18,500,000 | |
| Short-term portion of capital lease payable | 115,606 | |
| Short-term portion of bonds payable | 1,300,000 | |
| Long-term portion of bonds payable | 4,020,000 | |
| Long-term portion of capital lease | 1,816,986 | |
| less: unspent bond proceeds | <u>(15,258,308)</u> | <u>10,494,284</u> |
| Net investment in capital assets | | <u><u>\$ 23,692,169</u></u> |

See paragraph on required supplementary information included in auditor's report.

RAYMOND G. PREUSSER, CPA, P.C.

Certified Public Accountants

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

To the Board of Education of the
Cairo-Durham Central School District:

We have audited, 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, the financial statements of the governmental activities, each major fund and the fiduciary funds of the Cairo-Durham Central School District as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the District's basic financial statements and have issued our report thereon dated October 8, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Raymond G. Prewisser, CPA, PC

Claverack, New York
October 8, 2021

RAYMOND G. PREUSSER, CPA, P.C.

Certified Public Accountants

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Claverack, New York 12513

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To the Board of Education of the
Cairo-Durham Central School District:

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the fiduciary funds of the Cairo-Durham Central School District as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Cairo-Durham Central School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cairo-Durham Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cairo-Durham Central School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

During our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated October 8, 2021 on the financial statements of the Cairo-Durham Central School District. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

Other Matters:

School Lunch Fund

The fund balance of the School Lunch Fund is in excess of the legal limit. The legal limit is equal to three months of expenses. The District currently has a fund balance in excess of this limit by approximately \$458,652.

Budget Transfers:

The matter of effecting budgetary transfers is of critical importance to the efficient management of a district's fiscal affairs. It is important to note that such transfer authority has its basis in Section 170.2(I) of Commissioner's Regulations. This authorization is limited to transfers between and within districtwide (ST-3) function unit appropriations for teachers' salaries and ordinary contingent expenses.

Since the adopted budget is, at best, an estimated expenditure plan, it is not unusual for conditions to arise whereby transfers between or among function/object categories are required to maintain fiscal balance. Appropriately, Section 170.2(I) of Commissioner's Regulations provides for such transfers and permits the Board of Education to facilitate the procedure by authorizing "the Chief School Officer to make transfers within the limits as established by the Board."

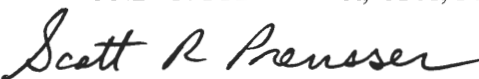
During our audit, we noted that budget transfers were not always made on a timely basis.

We recommend that budget transfers are made prior to the authorization to expend all codes.

This communication is intended solely for the information and use of the Board of Education, management, the audit committee, the New York State Education Department and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the Business Office personnel for their courtesies received during the course of our audit.

Very truly yours,
RAYMOND G. PREUSSER, CPA, P.C.


Scott R. Preusser