

**Tonawanda City School District  
Basic Financial Statements  
Required Supplementary Information, Supplementary Information,  
and Federal Awards Information  
Together as of June 30, 2021  
With Independent Auditor's Report**

TONAWANDA CITY SCHOOL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tonawanda City School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Tonawanda City 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. 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.

### *Opinion*

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

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6536 Anthony Drive, Suite B  
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## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tonawanda City School District's basic financial statements. The accompanying supplementary information (excluding the budgetary information) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2021 on our consideration of the Tonawanda City 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 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 Tonawanda City School District's internal control over financial reporting and compliance.

*Allied CPAs, P.C.*

Tonawanda, New York  
October 12, 2021

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**TONAWANDA CITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

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

**FINANCIAL HIGHLIGHTS**

The District's total net position at the close of this year was \$31,068,749.

Total net position increased from \$28,263,804 due to a change in net position of \$2,804,945.

The District's total combined fund balance at the close of this fiscal year was \$10,177,263.

Total combined fund balance increased from \$10,851,632 due to an excess of expenditures over revenues of \$674,369.

Total long-term debt at year-end was \$14,929,165, a decrease of \$2,088,924 from the prior year. This decrease was primarily caused by principal payments made on the District's outstanding bonds and installment debt.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

- The first two statements are *district-wide* financial statements that provide both *short-term* and *long-term* information about the School District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operation in *more detail* than the district-wide statements. The fund financial statements concentrate on the School District's most significant funds.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the School District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

**TONAWANDA CITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following figure summarizes the major features of the School District's financial statements, including the portion of the School District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

**Major Features of the District-Wide and Fund Financial Statements**

	<b>Fund Financial Statements</b>		
	<b>District-Wide</b>	<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	•Statement of net assets •Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid



**TONAWANDA CITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

**District-Wide Statements**

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

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

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the School District's overall health, you need to consider additional non-financial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the School District's activities are shown as *Governmental activities*: Most of the School District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State formula aid finance most of these activities.

**Fund Financial Statements**

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

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

The District has two kinds of funds:

- *Governmental Funds* - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide financial statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- *Fiduciary Fund* - The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund. 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 district-wide financial statements because it cannot use these assets to finance its operations.

**TONAWANDA CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

**Summary of Condensed Statement of Net Position**

	<u>Governmental Activities and Total School District</u>			
	<u>Beginning</u>	<u>Ending</u>	<u>Increase / (Decrease)</u>	<u>Percentage Change</u>
<b><u>ASSETS AND DEFERRED OUTFLOWS</u></b>				
<b><u>ASSETS</u></b>				
Current and other assets	\$ 17,251,109	\$ 34,452,681	\$ 17,201,572	99.71%
Capital assets	29,463,680	31,321,323	1,857,643	6.30%
<b>TOTAL ASSETS</b>	<u>46,714,789</u>	<u>65,774,004</u>	<u>19,059,215</u>	40.80%
Deferred outflows of resources	<u>6,518,965</u>	<u>8,111,745</u>	<u>1,592,780</u>	24.43%
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>\$ 53,233,754</b></u>	<u><b>\$ 73,885,749</b></u>	<u><b>\$ 20,651,995</b></u>	38.79%
<b><u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u></b>				
<b><u>LIABILITIES</u></b>				
Long-term liabilities	\$ 17,018,089	\$ 14,929,165	\$ (2,088,924)	12.27%
Other liabilities	3,857,106	23,751,157	19,894,051	515.78%
<b>TOTAL LIABILITIES</b>	<u>20,875,195</u>	<u>38,680,322</u>	<u>17,805,127</u>	85.29%
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Deferred revenues	616,832	664,002	47,170	7.65%
Deferred inflows of resources	<u>3,477,923</u>	<u>3,472,676</u>	<u>(5,247)</u>	-0.15%
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>4,094,755</u>	<u>4,136,678</u>	<u>41,923</u>	1.02%
<b><u>NET POSITION</u></b>				
Net investment in capital assets	17,392,472	19,057,999	1,665,527	9.58%
Restricted	1,546,598	6,304,412	4,757,814	307.63%
Unrestricted	<u>9,324,734</u>	<u>5,706,338</u>	<u>(3,618,396)</u>	-38.80%
<b>TOTAL NET POSITION</b>	<u>28,263,804</u>	<u>31,068,749</u>	<u>2,804,945</u>	9.92%
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u><b>\$ 53,233,754</b></u>	<u><b>\$ 73,885,749</b></u>	<u><b>\$ 20,651,995</b></u>	38.79%

**TONAWANDA CITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

**Summary of Changes in Net Position from Operating Results**

<b>Governmental Activities and Total School District</b>				
	<b>Beginning</b>	<b>Ending</b>	<b>Increase / (Decrease)</b>	<b>Percentage Change</b>
<b><u>REVENUES:</u></b>				
<b>PROGRAM REVENUES:</b>				
Charges for services	\$ 166,289	\$ 136,204	\$ (30,085)	-18.09%
Operating grants and contributions	4,075,080	4,499,429	424,349	10.41%
<b>GENERAL SUPPORT:</b>				
Property taxes and tax items	13,861,701	14,415,876	554,175	4.00%
State aid	18,828,721	17,968,922	(859,799)	-4.57%
Other	968,812	970,752	1,940	0.20%
<b>TOTAL REVENUES</b>	<b>37,900,603</b>	<b>37,991,183</b>	<b>90,580</b>	<b>0.24%</b>
 <b><u>EXPENSES:</u></b>				
General support	2,903,793	4,320,043	1,416,250	48.77%
Instruction	29,091,096	28,505,092	(586,004)	-2.01%
Pupil transportation	1,220,814	1,408,643	187,829	15.39%
Community services	257,484	187,864	(69,620)	-27.04%
Debt service - interest	604,683	451,524	(153,159)	-25.33%
School lunch expenditures	660,245	313,072	(347,173)	-52.58%
<b>TOTAL EXPENSES</b>	<b>34,738,115</b>	<b>35,186,238</b>	<b>448,123</b>	<b>1.29%</b>
Changes in net position	3,162,488	2,804,945	(357,543)	-11.31%
NET POSITION - BEGINNING	25,101,316	28,263,804	3,162,488	12.60%
<b>NET POSITION - ENDING</b>	<b>\$ 28,263,804</b>	<b>\$ 31,068,749</b>	<b>\$ 2,804,945</b>	<b>9.92%</b>

**TONAWANDA CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

**Statement of Revenues, Expenditures and Changes in Fund Balance**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Miscellaneous Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
<b>FUND BALANCE AT JUNE 30, 2019</b>	<b>\$ 10,443,317</b>	<b>\$ -</b>	<b>\$ 155,390</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 53,479</b>	<b>\$ 10,652,186</b>
Revenues	35,730,970	1,405,578	670,936	93,008	-	111	37,900,603
Expenditures	34,044,393	1,451,592	660,245	-	1,544,927	-	37,701,157
Other financing sources (uses)	(6,046,014)	46,014	-	-	6,000,000	-	-
<b>FUND BALANCE AT JUNE 30, 2020</b>	<b>\$ 6,083,880</b>	<b>\$ -</b>	<b>\$ 166,081</b>	<b>\$ 93,008</b>	<b>\$ 4,455,073</b>	<b>\$ 53,590</b>	<b>\$ 10,851,632</b>
Revenues	35,573,561	1,892,798	475,741	46,503	-	2,580	37,991,183
Expenditures	33,395,121	1,914,092	313,072	57,169	3,241,574	-	38,921,028
Other financing sources (uses)	(97,268)	21,294	-	-	331,450	-	255,476
<b>FUND BALANCE AT JUNE 30, 2021</b>	<b>\$ 8,165,052</b>	<b>\$ -</b>	<b>\$ 328,750</b>	<b>\$ 82,342</b>	<b>\$ 1,544,949</b>	<b>\$ 56,170</b>	<b>\$ 10,177,263</b>

**TONAWANDA CITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The following changes were made to the original budget in the General Fund as follows:

- General support was increased by \$85,334
- Instruction was decreased by \$86,103
- Community services increased by \$769

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The District's investment in capital assets as of June 30, 2021, amount to \$31,321,323 (net of accumulated depreciation). The investment in capital assets includes land, buildings, equipment, vehicles and infrastructure.

The following table lists the capital assets:

	<b>Governmental Activities and Total School District</b>			
	<b>Beginning</b>	<b>Ending</b>	<b>Increase / (Decrease)</b>	<b>Percentage Change</b>
Land	\$ 723,909	\$ 723,909	\$ -	0.00%
Work in progress	1,544,927	4,786,501	3,241,574	-209.82%
Buildings	26,985,019	25,757,936	(1,227,083)	4.55%
Equipment	209,825	52,977	(156,848)	74.75%
<b>Total</b>	<b>\$ 29,463,680</b>	<b>\$ 31,321,323</b>	<b>\$ 1,857,643</b>	<b>-6.30%</b>

**TONAWANDA CITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Long-Term Debt**

**Summary of Outstanding Long-Term Debt**

	Total School District			
	Beginning	Ending	Increase / (Decrease)	Percentage Change
Bond payable	\$ 10,975,000	\$ 8,010,000	\$ (2,965,000)	27.02%
Installment debt	1,096,208	1,025,668	(70,540)	6.43%
Compensated absences	1,368,971	1,369,710	739	-0.05%
OPEB	1,888,828	2,279,983	391,155	-20.71%
Net pension liability	1,689,082	2,243,804	554,722	-32.84%
<b>Total</b>	<b>\$ 17,018,089</b>	<b>\$ 14,929,165</b>	<b>\$ 2,088,924</b>	<b>12.27%</b>

At June 30, 2021, the School District had long-term serial bonds and installment debt outstanding of \$9,035,668 as compared to \$12,071,208 in the prior year. During the year, the District made principal payments of \$3,035,540 on its bonds and installment debt. The constitutional debt limit for the district is contained in Section 104.00 of the Local Finance Law. The limit is 5% of the average full value of the most previous five tax rolls. The debt limit for the district is \$35,587,144, of which 60.03% is exercised.

**Bond Rating**

The District's Moody's bond rating is A2. This has remained the same since 2016.

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The District is aware of a continuing trend in lower enrollments and is monitoring its five year plan to review its investment in the physical plant and the potential to reduce cost of operations.
- Uncertainties regarding aid from New York State may adversely affect the District's programs and financial position.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Tonawanda City School District Business Office, 100 Hinds Street, Tonawanda, NY 14150.

## **BASIC FINANCIAL STATEMENTS**

**TONAWANDA CITY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

**ASSETS AND DEFERRED OUTFLOWS**

**ASSETS**

Unrestricted cash	\$ 29,565,393
Restricted cash	82,342
Accounts receivable	501,104
Taxes receivable	660,802
State and federal aid receivable	1,915,646
Due from fiduciary fund	5,000
Due from other governments	1,654,474
Prepaid expenditures	29,049
Inventories	38,871
Capital assets, net	<u>31,321,323</u>
<b>TOTAL ASSETS</b>	<u><u>65,774,004</u></u>

**DEFERRED OUTFLOWS OF RESOURCES**

Pensions	7,729,108
OPEB	<u>382,637</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>8,111,745</u></u>

**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** \$ 73,885,749

The accompanying notes are an integral part of these financial statements.



**TONAWANDA CITY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

**LIABILITIES, DEFERRED INFLOWS AND NET POSITION**

**LIABILITIES**

Accounts payable	\$	868,920
Accrued liabilities		1,033,846
Accrued interest on debt obligations		139,741
Due to other governments		103
Due to teachers' retirement system		1,338,675
Due to employees' retirement system		75,582
Bond anticipation notes payable		20,294,290
Long-term liabilities:		
Due in less than one year:		
Bonds payable		1,215,000
Installment debt		72,600
Due in more than one year:		
Bonds payable		6,795,000
Installment debt		953,068
Compensated absences		1,369,710
Other post-employment benefit obligation		2,279,983
Net pension liability - proportionate share		2,243,804
<b>TOTAL LIABILITIES</b>		<b><u>38,680,322</u></b>

**DEFERRED INFLOWS OF RESOURCES**

Unavailable revenue - property taxes		660,802
Unavailable revenue - federal and state aid		3,200
Pensions		3,234,540
OPEB		238,136
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>		<b><u>4,136,678</u></b>

**NET POSITION**

Net investment in capital assets		19,057,999
Restricted		6,304,412
Unrestricted		5,706,338
<b>TOTAL NET POSITION</b>		<b><u>31,068,749</u></b>

**TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION \$ 73,885,749**

The accompanying notes are an integral part of these financial statements.

**TONAWANDA CITY SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

		<b>Program Revenue</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants</b>	<b>Revenue and Changes in Net Position</b>	
<b><u>FUNCTIONS AND PROGRAMS</u></b>					
General support	\$ (4,320,043)	\$ -	\$ -	\$ (4,320,043)	
Instruction	(28,505,092)	123,122	4,040,638	(24,341,332)	
Pupil transportation	(1,408,643)	-	-	(1,408,643)	
Community services	(187,864)	-	-	(187,864)	
Debt service - interest	(451,524)	-	-	(451,524)	
Expenditures - School lunch	(313,072)	13,082	458,791	158,801	
<b>TOTAL FUNCTIONS AND PROGRAMS</b>	<b>\$ (35,186,238)</b>	<b>\$ 136,204</b>	<b>\$ 4,499,429</b>	<b>(30,550,605)</b>	
 <b><u>GENERAL REVENUES:</u></b>					
Real property tax				12,187,104	
Real property tax items				26,739	
Non-property tax items				2,202,033	
Use of money and property				3,953	
Miscellaneous				394,004	
State sources				17,968,922	
Federal sources				572,795	
<b>TOTAL GENERAL REVENUES</b>				<b>33,355,550</b>	
Change in net position				2,804,945	
Total net position - beginning of year				28,263,804	
<b>Total net position - end of year</b>				<b>\$ 31,068,749</b>	

The accompanying notes are an integral part of these financial statements.

**TONAWANDA CITY SCHOOL DISTRICT**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

**ASSETS**

	<b>General</b>	<b>Special Aid</b>	<b>School Lunch</b>	<b>Miscellaneous Special Revenue</b>	<b>Capital Projects</b>	<b>Debt Service</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>							
Unrestricted cash	\$ 29,141,376	\$ 10,082	\$ 90,522	\$ -	\$ 323,413	\$ -	\$ 29,565,393
Restricted cash	-	-	-	82,342	-	-	82,342
Accounts receivable	368,193	132,911	-	-	-	-	501,104
Taxes receivable	660,802	-	-	-	-	-	660,802
Due from other funds	1,129,126	-	139,167	-	21,801,650	56,170	23,126,113
Due from state and federal	862,720	941,915	111,011	-	-	-	1,915,646
Due from other governments	1,578,500	-	-	-	75,974	-	1,654,474
Prepaid expenditures	-	-	-	-	29,049	-	29,049
Inventories	-	-	38,871	-	-	-	38,871
<b>TOTAL ASSETS</b>	<b>\$ 33,740,717</b>	<b>\$ 1,084,908</b>	<b>\$ 379,571</b>	<b>\$ 82,342</b>	<b>\$ 22,230,086</b>	<b>\$ 56,170</b>	<b>\$ 57,573,794</b>

The accompanying notes are an integral part of these financial statements.

**TONAWANDA CITY SCHOOL DISTRICT**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

**LIABILITIES, DEFERRED INFLOWS AND NET POSITION**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Miscellaneous Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b><u>LIABILITIES</u></b>							
Accounts payable	\$ 469,773	\$ 116,195	\$ 50,718	\$ -	\$ 232,234	\$ -	\$ 868,920
Accrued liabilities	1,033,846	-	-	-	-	-	1,033,846
Due to other funds	21,996,987	965,513	-	-	158,613	-	23,121,113
Due to other governments	-	-	103	-	-	-	103
Bond anticipation notes payable	-	-	-	-	20,294,290	-	20,294,290
Due to teachers' retirement system	1,338,675	-	-	-	-	-	1,338,675
Due to employees' retirement system	75,582	-	-	-	-	-	75,582
<b>TOTAL LIABILITIES</b>	<u>24,914,863</u>	<u>1,081,708</u>	<u>50,821</u>	<u>-</u>	<u>20,685,137</u>	<u>-</u>	<u>46,732,529</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>							
Deferred revenue - property taxes	660,802	-	-	-	-	-	660,802
Deferred revenue - federal and state aid	-	3,200	-	-	-	-	3,200
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>660,802</u>	<u>3,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>664,002</u>
<b><u>FUND BALANCE</u></b>							
Non-spendable	-	-	38,871	-	29,049	-	67,920
Restricted	4,650,000	-	-	82,342	1,515,900	56,170	6,304,412
Assigned	1,010,922	-	289,879	-	-	-	1,300,801
Unassigned	2,504,130	-	-	-	-	-	2,504,130
<b>TOTAL FUND BALANCE</b>	<u>8,165,052</u>	<u>-</u>	<u>328,750</u>	<u>82,342</u>	<u>1,544,949</u>	<u>56,170</u>	<u>10,177,263</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<u><b>\$ 33,740,717</b></u>	<u><b>\$ 1,084,908</b></u>	<u><b>\$ 379,571</b></u>	<u><b>\$ 82,342</b></u>	<u><b>\$ 22,230,086</b></u>	<u><b>\$ 56,170</b></u>	<u><b>\$ 57,573,794</b></u>

The accompanying notes are an integral part of these financial statements.

**TONAWANDA CITY SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS – BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

**Fund Balances - Total Governmental Funds** **\$ 10,177,263**

Amounts reported for Governmental Activities in the Statement of Net Position are:

Capital assets, net of accumulated depreciation, use in Governmental Activities are not current financial resources and are not reported in the funds. 31,321,323

The District's proportionate share of the Teacher and Employee Retirement System's net pension asset (liability) are not reported in the funds.

TRS net pension liability	(2,237,381)
ERS net pension liability	(6,423)

Deferred outflows of resources, including OPEB and pensions, represent a consumption of net position that applies to future periods and is not reported in the funds. Deferred inflows of resources, including OPEB and pensions, represent an acquisition of net position that applies to future periods and is not reported in the funds.

ERS and TRS deferred outflows of resources - pensions	7,729,108
OPEB deferred outflows of resources	382,637
ERS and TRS deferred inflows of resources - pensions	(3,234,540)
OPEB deferred inflows of resources	(238,136)

Long term liabilities are not due and payable in the current period and are not reported in the funds.

Bonds payable	(8,010,000)
Installment debt	(1,025,668)
Compensated absences	(1,369,710)
Other post employment benefits liability	(2,279,983)

Interest is accrued on outstanding balances of debt obligations.

Accrued interest on obligations	(139,741)
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**NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 31,068,749**

The accompanying notes are an integral part of these financial statements.

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

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Miscellaneous Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>							
Real property tax	\$ 12,187,104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,187,104
Real property tax items	26,739	-	-	-	-	-	26,739
Non-property tax items	2,202,033	-	-	-	-	-	2,202,033
Charges for services	123,121	-	-	-	-	-	123,121
Use of money and property	3,795	-	42	-	-	116	3,953
Miscellaneous	340,211	1,000	3,826	46,503	-	2,464	394,004
State sources	20,117,763	865,405	9,435	-	-	-	20,992,603
Federal sources	572,795	1,026,393	449,356	-	-	-	2,048,544
Lunch sales	-	-	13,082	-	-	-	13,082
<b>TOTAL REVENUES</b>	<u>\$ 35,573,561</u>	<u>\$ 1,892,798</u>	<u>\$ 475,741</u>	<u>\$ 46,503</u>	<u>\$ -</u>	<u>\$ 2,580</u>	<u>\$ 37,991,183</u>

The accompanying notes are an integral part of these financial statements.

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

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Miscellaneous Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b><u>EXPENDITURES:</u></b>							
General support	\$ 3,438,794	\$ -	\$ -	\$ -	\$ 3,241,574	\$ -	\$ 6,680,368
Instruction	17,672,079	1,914,092	-	57,169	-	-	19,643,340
Pupil transportation	1,322,034	-	-	-	-	-	1,322,034
Community services	131,533	-	-	-	-	-	131,533
Employee benefits	7,046,569	-	-	-	-	-	7,046,569
Debt service - principal	3,291,016	-	-	-	-	-	3,291,016
Debt service - interest	493,096	-	-	-	-	-	493,096
Cost of sales	-	-	313,072	-	-	-	313,072
<b>TOTAL EXPENDITURES</b>	<u>33,395,121</u>	<u>1,914,092</u>	<u>313,072</u>	<u>57,169</u>	<u>3,241,574</u>	<u>-</u>	<u>38,921,028</u>
Excess (deficiency) of revenues over expenditures	<u>2,178,440</u>	<u>(21,294)</u>	<u>162,669</u>	<u>(10,666)</u>	<u>(3,241,574)</u>	<u>2,580</u>	<u>(929,845)</u>
<b><u>OTHER FINANCING SOURCES AND (USES):</u></b>							
BANs redeemed from appropriation	-	-	-	-	255,476	-	255,476
Operating transfers in	-	21,294	-	-	75,974	-	97,268
Operating transfers out	(97,268)	-	-	-	-	-	(97,268)
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<u>(97,268)</u>	<u>21,294</u>	<u>-</u>	<u>-</u>	<u>331,450</u>	<u>-</u>	<u>255,476</u>
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	2,081,172	-	162,669	(10,666)	(2,910,124)	2,580	(674,369)
Fund balance - beginning of year	<u>6,083,880</u>	<u>-</u>	<u>166,081</u>	<u>93,008</u>	<u>4,455,073</u>	<u>53,590</u>	<u>10,851,632</u>
<b>Fund balance - end of year</b>	<u><b>\$ 8,165,052</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 328,750</b></u>	<u><b>\$ 82,342</b></u>	<u><b>\$ 1,544,949</b></u>	<u><b>\$ 56,170</b></u>	<u><b>\$ 10,177,263</b></u>

The accompanying notes are an integral part of these financial statements.

**TONAWANDA CITY SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<b>Net change in fund balances - Total governmental funds</b>	<b>\$ (674,369)</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital outlay expenditures for capital assets are recorded in governmental funds as expenditures. Such expenditures are not recorded in the Statement of Activities because they are recorded as capital assets.	3,241,574
Depreciation recorded on the Statement of Activities but not in the governmental funds.	(1,383,931)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt repayments made.	3,035,540
Net accrued interest for debt not reported in the government funds.	41,572
Changes in accrued compensated absences reported in the Statement of Activities do not provide for or require the use of current financial resources and are not reported as expenditures in the governmental funds.	(739)
Changes in the proportionate share of the net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and are not reported as expenditures in the governmental funds:	
Employees' retirement system liability	1,682,659
Teachers' retirement system liability	(4,344,233)
The Statement of Activities shows the actual and projected long term expenditures for postemployment benefits are reported, whereas, on the governmental funds only the actual expenditures are recorded.	(391,155)
Deferred outflows and deferred inflows are not reported in the governmental funds:	
Change in deferred outflows of employees' retirement system	238,338
Change in deferred outflows of teachers' retirement system	1,146,792
Change in deferred outflows of other post-employment benefits	207,650
Change in deferred inflows of employees' retirement system	(1,833,010)
Change in deferred inflows of teachers' retirement system	1,752,457
Change in deferred inflows of other post-employment benefits	85,800
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u>2,804,945</u></b>

The accompanying notes are an integral part of these financial statements.



**TONAWANDA CITY SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2021**

**ASSETS**

<b><u>ASSETS</u></b>	<b>Private Purpose Trusts</b>
Cash	\$ 7,614
<b>TOTAL ASSETS</b>	<b>\$ <u>7,614</u></b>

**LIABILITIES AND NET POSITION**

<b><u>LIABILITIES</u></b>	
Due to other funds	\$ 5,000
<b>TOTAL LIABILITIES</b>	<b><u>5,000</u></b>
<b><u>NET POSITION</u></b>	
Endowment scholarships	<u>2,614</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ <u>7,614</u></b>

The accompanying notes are an integral part of these financial statements.

**TONAWANDA CITY SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Private Purpose Trusts</b>
<b><u>ADDITIONS:</u></b>	
Interest	\$ 6
<b>TOTAL ADDITIONS</b>	<b>6</b>
 <b><u>DEDUCTIONS:</u></b>	
Scholarship expenses	-
<b>TOTAL DEDUCTIONS</b>	<b>-</b>
Change in net position	6
Net position - beginning of year	2,608
<b>Net position - end of year</b>	<b>\$ 2,614</b>

The accompanying notes are an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 1 - Summary of Certain Significant Accounting Policies**

The financial statements of the Tonawanda City School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies utilized by the District are described below:

**Reporting Entity**

Tonawanda City School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of seven 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 No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 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 District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, no entities are included in the District's reporting entity.

*Extraclassroom Activity Funds* - The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District's business office. The district accounts for assets held as an agent for various student organizations in an agency fund.

**Joint Venture**

The District is a component district in Erie One BOCES. BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 1 - Summary of Certain Significant Accounting Policies**

During the year, the District was billed \$2,841,081 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,682,700. Financial statements for the BOCES are available from the BOCES administrative office.

**Basis of Presentation**

**District-Wide Statements**

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

The Statement of Activities presents a comparison between direct 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.

**Funds Statements**

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

The District reports the following major governmental funds:

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

Special Revenue Funds - These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

- Special Aid Fund - Used to account for proceeds received from State and Federal grants that are restricted for specific educational programs.
- School Food Service Fund - Use to account for child nutrition activities whose funds are restricted as to use.
- Miscellaneous Special Revenue Fund - Used to account for extraclassroom activities and other restricted activities whose funds are restricted for such purposes.

Capital Projects Funds - These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 1 - Summary of Certain Significant Accounting Policies, (Cont.)**

**Funds Statements (Cont.)**

*Debt Service Fund* - This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

The District reports the following fiduciary funds:

**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 District-wide financial statements, because their resources do not belong to the District, and are not available to be used.

There is one class of fiduciary funds:

*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.

**Measurement Focus and Basis of Accounting**

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

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

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available to finance expenditures of the current period. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 365 days after the end of the fiscal year, except for real property taxes which are considered to be available if they are collected within 60 days after the end of the fiscal year.

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 1 - Summary of Certain Significant Accounting Policies (Cont.)**

**Measurement Focus and Basis of Accounting (Cont.)**

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.

**Property Taxes**

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

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

**Restricted Resources**

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

**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 with one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, 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 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets 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.

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 1 - Summary of Certain Significant Accounting Policies (Cont.)**

**Cash and Cash Equivalents**

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from 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; obligations of the State and its municipalities and Districts and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations (if permitted by the District's policy).

**Receivables**

Receivables 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.

**Inventories and Prepaid Items**

Inventories of food in the School Food Service 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 inventory items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

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

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



**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 1 - Summary of Certain Significant Accounting Policies (Cont.)**

Capital assets should be accounted for at historical (actual) cost or, if the cost is not practicably determinable, at estimated cost. The cost of the capital asset should include ancillary charges necessary to place the asset into use. Donated capital assets and capital assets acquired in a service concession arrangement should be recorded at acquisition value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date, or the amount at which a liability could be liquidated with the counter party at the acquisition.

Land and construction in process are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	Straight-line	40
Building Improvements	5,000	Straight-line	40
Furniture and Equipment	5,000	Straight-line	10
Computer Equipment	5,000	Straight-line	5

**Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. If applicable, the District has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is the District's contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 1 - Summary of Certain Significant Accounting Policies (Cont.)**

**Deferred Revenues**

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

**Vested Employee Benefits**

**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.

Consistent with GASB Statement No. 16, Accounting for Compensated Absences, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

**Other Benefits**

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

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

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 1 - Summary of Certain Significant Accounting Policies (Cont.)**

**Short-Term Debt**

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

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

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. Such notes may be classified as part of the General Long-Term Debt Account Group when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance-sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

**Accrued Liabilities and Long-Term Obligations**

Payables, accrued liabilities, and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in full, in a timely manner, from current financial resources. Claims and judgments, other postemployment benefits payable and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

**Order of Use of Fund Balance**

The District's policy is to apply expenditures against non-spendable 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, non-spendable 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 determine next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 1 - Summary of Certain Significant Accounting Policies (Cont.)**

**Equity Classifications:**

*District-wide Statements* - In the district-wide 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, constructions or improvements of those assets.

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

*Unrestricted net position* - reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

*Funds Statements* – In the fund basis statement, there are five classifications of fund balance:

*Non-spendable Fund Balances* - 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 balances includes inventory recorded in the School Food Service Fund of \$38,871 and \$29,049 in prepaid expense in the Capital Fund.

*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. The District has established the following restricted fund balances:

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

*Employee Benefit Accrued Liability Reserve Fund* - According to General Municipal Law §6-p, expenditures made from the employee benefit accrued liability reserve fund must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 1 - Summary of Certain Significant Accounting Policies (Cont.)**

*Restricted Fund Balance (Cont.)*

*Retirement Contributions Reserve Fund* - According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.

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

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

*Capital Reserve Fund*

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

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

*Extraclassroom Activities, Scholarships and Other Activities* - Amounts generated by the extraclassroom activities, certain scholarships, and other restricted activities of the District are restricted for use for those specified activities.

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 1 - Summary of Certain Significant Accounting Policies (Cont.)**

Restricted fund balance includes the following:

<b><u>GENERAL FUND:</u></b>	
Capital reserve	\$ 2,700,000
Reserve for employee benefits	750,000
Reserve for retirement contributions	600,000
Reserve for tax certiorari	350,000
Worker's compensation reserve	250,000
<b>TOTAL GENERAL FUND</b>	<b>4,650,000</b>
 <b><u>MISCELLANEOUS SPECIAL REVENUE</u></b>	
Extraclassroom activities	76,604
Scholarships and other activities	5,738
<b>TOTAL MISCELLANEOUS SPECIAL REVENUE</b>	<b>82,342</b>
 <b><u>CAPITAL PROJECTS FUND</u></b>	
Fund Balance	1,515,900
 <b><u>DEBT SERVICE FUND:</u></b>	
Fund Balance	56,170
<b>TOTAL RESTRICTED FUND BALANCE</b>	<b>\$ 6,304,412</b>

*Committed* - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authorities, i.e., 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 District's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. Assigned Fund Balance includes the following:

<b><u>GENERAL FUND:</u></b>	
Designated for subsequent year budget	\$ 1,000,000
Encumbrances	10,922
<b>TOTAL GENERAL FUND</b>	<b>1,010,922</b>
 <b><u>SCHOOL LUNCH FUND:</u></b>	
Fund Balance	289,879
<b>TOTAL ASSIGNED FUND BALANCE</b>	<b>\$ 1,300,801</b>

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 1 - Summary of Certain Significant Accounting Policies (Cont.)**

*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. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned. NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation

**Net Position/Fund Balance**

Net Position Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Balance Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

**Adoption of New Accounting Pronouncements**

The School District adopted the following accounting pronouncements during the year:

- GASB Statement No. 84, *Fiduciary Activities*

GASB Statement No. 84, *Fiduciary Activities*, effective for reporting periods beginning after June 30, 2020, enhances consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities.

**Note 2 - Explanation of Certain Differences between Governmental Fund Statements and District-Wide Statements**

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

**Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities**

Total fund balance of the District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions and other post-employment benefits.

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 2 - Explanation of Certain Differences between Governmental Fund Statements and District-Wide Statements (Cont.)**

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

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

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

*Capital related differences* - Capital related differences include the difference between proceeds for the sale of capital assets reported on 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 fund statements and depreciation expense on those items as recorded in the Statement of Activities.

*Long-term debt transaction differences* - Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the 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.

*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.

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

**Note 3 - Stewardship, Compliance, and Accountability**

**Budgets**

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted: General Fund, School Lunch Fund, and Special Aid Fund.

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 the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved 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. No supplemental appropriations occurred during the year.



**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 3 - Stewardship, Compliance, and Accountability (Cont.)**

**Budgets (Cont.)**

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

Certain Special Revenue Funds have not been included in the comparison because they do not have legally authorized (appropriated) budgets.

**Encumbrances**

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

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 4 – Cash and Cash Equivalents**

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

Collateralized with securities held by the pledging financial institution,  
or its trust department or agent, but not in the District's name **\$ 30,020,137**

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$82,342 in the Miscellaneous Special Revenue Fund for Student's extraclassroom activities, scholarships, and various other restricted activities.

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

**Note 5 - Receivables**

Receivables at year-end for individual major funds and non-major funds, including the applicable allowances for uncollectible accounts, are as follows:

<b>Description</b>	<b>Governmental Activities</b>			
	<b>General</b>	<b>Special Aid</b>	<b>School Lunch</b>	<b>Total</b>
Taxes receivable	\$ 660,802	\$ -	\$ -	\$ 660,802
Accounts receivable	368,193	132,911	-	501,104
Due from state and federal	862,720	941,915	111,011	1,915,646
Due from other governments	1,578,500	-	-	1,578,500
<b>TOTAL</b>	<b>\$ 3,470,215</b>	<b>\$ 1,074,826</b>	<b>\$ 111,011</b>	<b>\$ 4,656,052</b>

District management has deemed the amounts to be fully collectible.

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 6 - Capital Assets**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements / Reclassifications</b>	<b>Ending Balance</b>
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>				
<b><u>CAPITAL ASSETS NOT BEING DEPRECIATED:</u></b>				
Land	\$ 723,909	\$ -	\$ -	\$ 723,909
Work in progress	1,544,927	3,241,574	-	4,786,501
<b>TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED</b>	<b>\$ 2,268,836</b>	<b>\$ 3,241,574</b>	<b>\$ -</b>	<b>\$ 5,510,410</b>
 <b><u>CAPITAL ASSETS BEING DEPRECIATED:</u></b>				
Buildings	\$ 49,461,875	\$ -	\$ -	\$ 49,461,875
Improvements other than buildings	1,355,377	-	-	1,355,377
Furniture and equipment	3,407,869	-	-	3,407,869
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED</b>	<b>54,225,121</b>	<b>-</b>	<b>-</b>	<b>54,225,121</b>
 <b><u>LESS: ACCUMULATED DEPRECIATION:</u></b>				
Buildings	(22,673,690)	(1,167,974)	-	(23,841,664)
Improvements other than buildings	(1,158,543)	(59,109)	-	(1,217,652)
Furniture and equipment	(3,198,044)	(156,848)	-	(3,354,892)
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>(27,030,277)</b>	<b>(1,383,931)</b>	<b>-</b>	<b>(28,414,208)</b>
 Total capital assets being depreciated, net	 <b>27,194,844</b>	 <b>(1,383,931)</b>	 <b>-</b>	 <b>25,810,913</b>
 <b>TOTAL CAPITAL ASSETS, NET</b>	 <b>\$ 29,463,680</b>	 <b>\$ 1,857,643</b>	 <b>\$ -</b>	 <b>\$ 31,321,323</b>

Depreciation expense less reclassifications was charged to governmental functions as follows:

Administrative services	\$ 200,670
Regular instruction	1,114,064
Pupil transportation	69,197
<b>TOTAL</b>	<b>\$ 1,383,931</b>

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 7 - Short-Term Debt**

The District had the following bond anticipation notes outstanding at the end of the year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
2020 BAN - BOCES Project	\$ 549,766	\$ -	\$ (255,476)	\$ 294,290
2021 BAN - TONA2020 Project	-	20,000,000	-	20,000,000
<b>TOTAL BANS PAYABLE</b>	<b>\$ 549,766</b>	<b>\$ 20,000,000</b>	<b>\$ (255,476)</b>	<b>\$ 20,294,290</b>

**Note 8 - Long-Term Debt**

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b><u>LONG-TERM LIABILITIES</u></b>					
Bonds payable:					
2018 refunding bond	\$ 1,695,000	\$ -	\$ (450,000)	\$ 1,245,000	\$ 480,000
2015 bond	1,795,000	-	(1,795,000)	-	-
2017 bond	7,485,000	-	(720,000)	6,765,000	735,000
<b>TOTAL BONDS PAYABLE</b>	<b>10,975,000</b>	<b>-</b>	<b>(2,965,000)</b>	<b>8,010,000</b>	<b>1,215,000</b>
<b><u>OTHER LONG-TERM LIABILITIES</u></b>					
Installment debt	1,096,208	-	(70,540)	1,025,668	72,600
Compensated absences	1,368,971	739	-	1,369,710	-
OPEB	1,888,828	391,155	-	2,279,983	-
Net pension liability	1,689,082	554,722	-	2,243,804	-
<b>TOTAL OTHER LONG-TERM LIABILITIES</b>	<b>6,043,089</b>	<b>946,616</b>	<b>(70,540)</b>	<b>6,919,165</b>	<b>72,600</b>
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>\$ 17,018,089</b>	<b>\$ 946,616</b>	<b>\$ (3,035,540)</b>	<b>\$ 14,929,165</b>	<b>\$ 1,287,600</b>

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

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 8 - Long-Term Debt (Cont.)**

**Serial Bonds**

The School District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enable the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The provisions will be in the General Fund's future budgets for capital indebtedness. Serial Bond obligations are composed of the following at June 30, 2021:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
2018 Refunding Bonds	6/18	8/23	5.0%	\$ 1,245,000
2017 Serial Bonds	8/16	6/30	5.0%	6,765,000
<b>Total</b>				<b><u>\$ 8,010,000</u></b>

The following is a summary of debt service requirements for bonds payable and installment debt:

<u>Fiscal Year Ended June 30,</u>	<u>Bond Principal</u>	<u>Installment Principal</u>	<u>Bond Interest</u>	<u>Installment Interest</u>
2022	\$ 1,215,000	\$ 72,600	\$ 305,925	\$ 29,212
2023	1,255,000	74,720	244,175	27,092
2024	1,015,000	76,902	187,425	24,910
2025	780,000	79,147	142,550	22,664
2026	795,000	81,458	103,175	20,353
2027 - 2031	2,950,000	444,389	119,850	64,669
2032 - 2036	-	196,452	-	7,170
<b>Total</b>	<b><u>\$ 8,010,000</u></b>	<b><u>\$ 1,025,668</u></b>	<b><u>\$ 1,103,100</u></b>	<b><u>\$ 196,070</u></b>

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

Interest paid	\$ 493,096
Less: interest accrued in the prior year	(181,313)
Plus: interest accrued in the current year	139,741
<b>TOTAL INTEREST EXPENSE</b>	<b><u>\$ 451,524</u></b>

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 9 – Pension Plans**

**Plan Description**

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

**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 Statute. The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information 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 NYSTRS Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://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 (NYSRSSL). 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](http://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.

**Funding Policies**

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For 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.

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 9 – Pension Plans (Cont.)**

The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years and were as follows:

	<u>NYSERS</u>	<u>NYSTRS</u>
2021	\$ 287,438	\$ 1,217,624
2020	278,581	1,437,530
2019	284,102	1,265,486

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

At June 30, 2021, the District reported the following (asset) liability for its proportionate share of the net pension (asset) liability for each of the Systems. The net pension (asset) liability was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension (asset) liability used to calculate 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 projects contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the district.

For the year ended June 30, 2021, the districted recognized a pension expense of \$200,316 for ERS and \$2,969,720 for TRS. At June 30, 2021, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 78,446	\$ 1,960,394	\$ -	\$ 114,661
Changes of assumptions	1,181,041	2,829,767	22,275	1,008,664
Net difference between projected and actual earnings on pension plan investments	-	1,461,206	1,845,155	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	100,940	35,212	6,135	237,650
District's contributions subsequent to the measurement date	<u>3,696</u>	<u>78,406</u>	<u>-</u>	<u>-</u>
<b>TOTAL</b>	<b><u>\$ 1,364,123</u></b>	<b><u>\$ 6,364,985</u></b>	<b><u>\$ 1,873,565</u></b>	<b><u>\$ 1,360,975</u></b>

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 9 – Pension Plans (Cont.)**

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:

<b>Year Ended</b>		
<b>June 30,</b>	<b>ERS</b>	<b>TRS</b>
2021	\$ -	\$ 829,001
2022	(69,102)	1,716,849
2023	(12,482)	1,408,575
2024	(82,158)	849,597
2025	(349,396)	18,641
Thereafter	-	102,939

**Actuarial Assumptions**

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

	<b><u>ERS</u></b>	<b><u>TRS</u></b>
Measurement date	March 31, 2021	June 30, 2020
Actuarial Valuation date	April 1, 2020	June 30, 2019
Interest rate	5.10%	7.10%
Inflation Rate	2.70%	2.20%
Salary scale	4.40%	1.90% - 4.72%
Cost of living adjustment	1.40%	1.30%
Decrement Tables	April 1, 2015 - March 31, 2020 Systems Experience	July 1, 2009 - June 30, 2014 Systems Experience



**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 9 – Pension Plans (Cont.)**

**Actuarial Assumptions (Cont.)**

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 MP2019.

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, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighing 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:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
<b><u>ASSET TYPE:</u></b>		
Domestic equity	4.05%	7.10%
International equity	6.30%	7.70%
Private equity	6.75%	10.40%
Global equity	-	7.40%
Real estate	4.95%	6.80%
Opportunistic/ARS portfolio	4.50%	-
Credit	3.63%	-
Real assets	5.95%	-
Domestic fixed income securities	-	1.80%
Global bonds	-	1.00%
Private debt	-	5.20%
Real estate debt	-	3.60%
High-yield bonds	-	3.90%
Cash	0.50%	0.70%

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 9 – Pension Plans (Cont.)**

**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 contribution from plan members will be made at the current contribution rates and that contributions from employers will be made 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.

**Sensitivity of the Proportionate Share of the Net Pension Asset/(Liability) to the Discount Rate Assumption**

The following presents the District's proportionate share of the net pension (asset) liability calculated using the discount rate of 5.90 percent for ERS and 7.10 percent for TRS, as well as what the District's proportionate share of the net pension (asset) liability, would be if it were calculated using a discount rate that is 1-percentagepoint lower (4.90% for ERS and 6.10% for TRS) or 1-percentagepoint higher (6.90% for ERS and 8.10% for TRS), than the current rate:

	<b>1% Decrease 4.90%</b>	<b>Current Assumption 5.90%</b>	<b>1% Increase 6.90%</b>
<b>ERS</b>			
District's proportionate share of the net pension (asset) liability	\$ 1,782,865	\$ 6,423	\$ (1,631,871)
	<b>1% Decrease 6.10%</b>	<b>Current Assumption 7.10%</b>	<b>1% Increase 8.10%</b>
<b>TRS</b>			
District's proportionate share of the net pension (asset) liability	\$ 14,132,767	\$ 2,237,381	\$ (7,745,862)

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 9 – Pension Plans (Cont.)**

**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>	<u>Total</u>
Valuation Date	April 1, 2020	June 30, 2019	
Employer's total pension (asset) liability	\$ 220,680,157	\$ 123,242,776,215	\$ 123,463,456,372
Plan Net Position	<u>\$ 220,580,583</u>	<u>\$ 120,479,505,380</u>	<u>\$ 120,700,085,963</u>
Employer's net position (asset) liability	\$ 99,574	\$ 2,763,270,835	\$ 2,763,370,409
Ratio of plan net position to the District's total pension (asset) liability	99.95%	97.76%	97.76%

**Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions, as of June 30, 2021, amounted to \$75,582.

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 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 \$1,338,675.

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 10 - Interfund Transactions – Governmental Funds**

	Interfund			
	Receivable	Payable	Transfer In	Transfer Out
<b><u>GOVERNMENTAL FUNDS:</u></b>				
General Fund	\$ 1,129,126	\$ 21,996,987	\$ -	\$ 97,268
Special Aid Fund	-	965,513	21,294	-
School Lunch Fund	139,167	-	-	-
Capital Fund	21,801,650	158,613	75,974	-
Debt Service Fund	56,170	-	-	-
<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>23,126,113</b>	<b>23,121,113</b>	<b>97,268</b>	<b>97,268</b>
 <b><u>FIDUCIARY FUND:</u></b>				
Private purpose trust	-	5,000	-	-
<b>TOTAL FIDUCIARY FUND</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>-</b>
 <b>TOTAL GOVERNMENTAL AND</b>				
<b>FIDUCIARY FUND</b>	<b>\$ 23,126,113</b>	<b>\$ 23,126,113</b>	<b>\$ 97,268</b>	<b>\$ 97,268</b>

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

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 11 - Other Postemployment Benefits (GASB 75)**

**General Information about the OPEB Plan**

**Plan Description**

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

**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 districts offices and are available upon request.

**Employee Covered by Benefit Terms**

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

Active not eligible to retire	190
Active eligible to retire	41
Inactive employees entitled to but not yet receiving benefit payments:	-
Retire and surviving spouses	58
Retired spouses covered	13
Total	<u>302</u>

**Total OPEB Liability**

The District's total OPEB liability of \$2,279,983 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:

Salary Increases:	3.11 percent
Discount Rate:	2.27 percent
Initial Healthcare Cost Trend Rate:	4.00 percent
Ultimate Healthcare Cost Trend Rate:	4.08 percent

The discount rate was based on a blending of the investment rate of return and the long-term bond rate using expected plan benefit payments.

Mortality rates were based on the Mortality Improvement Scale MP-2020, as appropriate, with adjustments for mortality improvements based on Scale AA.

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 11 - Other Postemployment Benefits (GASB 75) (Cont.)**

**Changes in the Total OPEB Liability**

Balance at June 30, 2020		\$ 1,888,828
Changes for the Year -		
Service Cost		76,007
Interest		47,064
Changes of benefit terms		-
Difference between expected and actual experience		298,584
Changes in assumptions or other inputs		36,589
Benefit payments		(67,089)
Net Changes		<u>391,155</u>
<b>Balance at June 30, 2021</b>		<b><u>\$ 2,279,983</u></b>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.48 percent in 2020 to 2.27 percent in 2021.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would have be if it were calculated using a discount rate that is 1 percentage point lower (1.27 percent) or 1 percentage point higher (3.27 percent) than the current discount rate:

	1% Decrease <u>(1.27%)</u>	Discount Rate <u>(2.27%)</u>	1% Increase <u>(3.27%)</u>
Total OPEB Liability	\$ 2,439,340	\$ 2,279,983	\$ 2,129,306

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 11 - Other Postemployment Benefits (GASB 75) (Cont.)**

**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 (3.00 percent) or 1 percentage point higher (5.00 percent) than the current healthcare cost trend rate:

	1% Decrease (3.00% Decreasing to 3.08%)	Healthcare Cost Trend Rates (4.00% Decreasing to 4.08%)	1% Increase (5.00% Decreasing to 5.08%)
Total OPEB Liability	\$ 2,081,880	\$ 2,279,983	\$ 2,507,130

**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 \$164,794. 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	\$ 264,550	\$ 204,139
Changes of assumptions or other inputs	118,087	33,997
Total	<u>\$ 382,637</u>	<u>\$ 238,136</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	41,723
2023	41,723
2024	51,200
2025	14,437
2026	(1,526)
Thereafter	(3,056)

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 12 - Commitments and Contingencies**

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

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of GASB Statement No. 16, the value for accumulating, non-vesting sick leave is considered a contingent liability. The District reports \$1,369,710 for accumulating, non-vesting sick leave.

**Note 13 - Risk Management**

The District is exposed to various risks of loss related to the torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. 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.

**Note 14 – Restatement of Beginning Net Position**

Beginning July 1, 2020, the District implemented GASB 84 which closed the Trust and Agency fund and reclassified the assets and liabilities to the General Fund and the Miscellaneous Special Revenue Fund. The School had to restate beginning Net Position for its Governmental Activities in the amount of \$93,008. Governmental Net Position increased because of the addition of the Miscellaneous Special Revenue Fund for the amount of \$93,008. Balance sheet accounts, such as cash, due from other funds, accrued liabilities, and equity, were transferred to the General Fund and Miscellaneous Special Revenue Fund via a residual equity transfer. Certain activities which were accounted for in the Trust and Agency Fund will be accounted for in the General Fund and the Miscellaneous Special Revenue Fund going forward.

**Note 15 - Subsequent Events**

The district has evaluated events and transactions for potential recognition or disclosure in the financial statements through October 12, 2021 (the date the financial statements were available to be issued).

Prior to and subsequent to the year ended June 30, 2021, local, U.S., and world governments have continued to encourage self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to operations and the impact of reduced consumer spending. In addition, global markets have seen significant declines. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impacts to the District, there is a reasonable possibility that the impact on the District's financial position and the results of future operations could be material.

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**REQUIRED SUPPLEMENTARY INFORMATION  
AND SUPPLEMENTARY INFORMATION**

**TONAWANDA CITY SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>				
<b>LOCAL SOURCES:</b>				
Real property taxes	\$ 12,402,116	\$ 12,402,116	\$ 12,187,104	\$ 215,012
Real property tax items	36,000	36,000	26,739	9,261
Non-property tax items	1,850,000	1,850,000	2,202,033	(352,033)
Charges for services	42,750	42,750	123,121	(80,371)
Use of money and property	28,700	28,700	3,795	24,905
Sale of property	750	750	-	750
Miscellaneous	330,442	330,442	340,211	(9,769)
<b>STATE SOURCES:</b>				
Basic formula aid	15,559,614	10,505,617	14,866,524	(4,360,907)
Lottery aid	3,238,030	6,138,030	3,102,399	3,035,631
BOCES aid	1,779,000	3,529,000	1,682,700	1,846,300
Textbook aid	112,423	195,550	111,957	83,593
Computer software	59,820	119,484	59,664	59,820
Library A/V loan program	11,162	22,368	11,206	11,162
Miscellaneous state aid	121,659	371,659	283,313	88,346
Federal sources	70,000	70,000	572,795	(502,795)
<b>TOTAL REVENUES</b>	<u>35,642,466</u>	<u>35,642,466</u>	<u>35,573,561</u>	<u>(68,905)</u>
<b>OTHER FINANCING SOURCES:</b>				
Operating transfers in	25,000	25,000	-	(25,000)
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>35,667,466</u>	<u>35,667,466</u>	<u>\$ 35,573,561</u>	<u>\$ (93,905)</u>
<b>APPROPRIATED FUND BALANCE:</b>				
Designated fund balance	1,000,000	1,000,000		
Appropriated reserves - encumbrances	66,936	66,936		
<b>TOTAL APPROPRIATED FUND BALANCE</b>	<u>1,066,936</u>	<u>1,066,936</u>		
<b>TOTAL REVENUES, OTHER SOURCES AND APPROPRIATED FUND BALANCE</b>	<u>\$ 36,734,402</u>	<u>\$ 36,734,402</u>		

See independent auditor's report.

**TONAWANDA CITY SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
<b>EXPENDITURES:</b>					
<b>GENERAL SUPPORT:</b>					
Board of education	\$ 33,850	\$ 33,081	\$ 23,775	\$ -	\$ 9,306
Central administration	231,740	261,625	254,169	-	7,456
Finance	393,651	408,302	372,246	-	36,056
Staff	294,901	299,163	209,505	-	89,658
Central services	2,979,475	3,016,780	2,273,771	9,500	743,009
Special items	355,520	355,520	305,328	-	50,192
<b>TOTAL GENERAL SUPPORT</b>	<u>4,289,137</u>	<u>4,374,471</u>	<u>3,438,794</u>	<u>9,500</u>	<u>935,677</u>
<b>INSTRUCTION:</b>					
Instruction, administration and improvement	1,416,379	1,550,079	1,448,828	-	101,251
Teaching - regular school	10,706,341	10,402,916	9,873,853	1,422	529,063
Special apportionment programs	4,306,832	4,326,442	3,985,966	-	340,476
Instructional media	807,668	863,299	831,028	-	32,271
Pupil services	1,809,711	1,818,092	1,532,404	-	285,688
<b>TOTAL INSTRUCTION</b>	<u>19,046,931</u>	<u>18,960,828</u>	<u>17,672,079</u>	<u>1,422</u>	<u>1,288,749</u>
Pupil transportation	1,840,972	1,840,972	1,322,034	-	518,938
Community services	217,877	218,646	131,533	-	87,113
Employee benefits	7,413,373	7,413,373	7,046,569	-	366,804
<b>DEBT SERVICE:</b>					
Debt service - principal	3,285,540	3,291,016	3,291,016	-	-
Debt service - interest	498,572	493,096	493,096	-	-
<b>TOTAL DEBT SERVICE</b>	<u>3,784,112</u>	<u>3,784,112</u>	<u>3,784,112</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>36,592,402</u>	<u>36,592,402</u>	<u>33,395,121</u>	<u>10,922</u>	<u>3,197,281</u>
<b>OTHER FINANCING SOURCES AND USES:</b>					
Operating transfers out	142,000	142,000	97,268	-	44,732
<b>TOTAL EXPENDITURES AND OTHER FINANCING SOURCES</b>	<u>\$ 36,734,402</u>	<u>\$ 36,734,402</u>	<u>33,492,389</u>	<u>\$ 10,922</u>	<u>\$ 3,242,013</u>
Net change in fund balance			2,081,172		
Fund balance - beginning of year			<u>6,083,880</u>		
<b>Fund balance - end of year</b>			<u>\$ 8,165,052</u>		

See independent auditor's report.

**TONAWANDA CITY SCHOOL DISTRICT**  
**SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**  
**AND THE REAL PROPERTY TAX LIMIT – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$ 36,667,466
Additions:	
Prior year encumbrances	66,936
Final Budget	<b>\$ 36,734,402</b>

**Section 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

2021 -22 voter approved expenditure budget	\$ 35,491,482
Maximum allowed (4% of 2021-2022 budget)	\$ 1,419,659

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

Unrestricted fund balance:	
Assigned fund balance	\$ 1,010,922
Unassigned fund balance	2,504,130
<b>TOTAL UNRESTRICTED FUND BALANCE</b>	<b>3,515,052</b>

Less:	
Appropriated fund balance	(1,000,000)
Encumbrances included in committed and assigned fund balance	(10,922)
<b>TOTAL ADJUSTMENTS</b>	<b>\$ (1,010,922)</b>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$ 2,504,130
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Actual Percentage	7.06%
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See independent auditor's report.

**TONAWANDA CITY SCHOOL DISTRICT**  
**SCHEDULE OF PROJECT EXPENDITURES – CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing			Fund Balance 6/30/2021	
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources		Total
<b>PROJECT TITLE:</b>											
TONA2020	\$ 53,469,266	\$ 53,469,266	\$ 1,544,927	\$ 3,241,574	\$ 4,786,501	\$ 48,682,765	\$ -	\$ -	\$ 6,331,450	\$ 6,331,450	\$ 1,544,949
<b>TOTAL</b>	<b>\$ 53,469,266</b>	<b>\$ 53,469,266</b>	<b>\$ 1,544,927</b>	<b>\$ 3,241,574</b>	<b>\$ 4,786,501</b>	<b>\$ 48,682,765</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,331,450</b>	<b>\$ 6,331,450</b>	<b>\$ 1,544,949</b>

See independent auditor's report.

**TONAWANDA CITY SCHOOL DISTRICT**  
**NET INVESTMENT IN CAPITAL ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Capital assets, net		\$ 31,321,323
<b>Deduct:</b>		
Bond anticipation notes	(20,294,290)	
Less: unspent bond anticipation note proceeds	17,066,634	
Short-term portion of bonds payable	(1,215,000)	
Long-term portion of bonds payable	(6,795,000)	
Installment debt	<u>(1,025,668)</u>	<u>(12,263,324)</u>
<b>NET INVESTMENT IN CAPITAL ASSETS</b>		<b><u><u>\$ 19,057,999</u></u></b>

See independent auditor's report.

**TONAWANDA CITY SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE**  
**SHARE OF NET PENSION (ASSET) LIABILITY**  
**NYSLRS PENSION PLAN**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<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) liability	0.088%	0.088%	0.085%	0.083%	0.083%	0.082%
District's proportionate share of the net pension (asset) liability	\$ 2,243,804	\$ (417,770)	\$ (1,020,684)	\$ 383,635	\$ 1,389,156	\$ (6,864,241)
District's covered-employee payroll	\$ 15,292,526	\$ 15,563,848	\$ 15,921,694	\$ 14,464,731	\$ 13,301,146	\$ 14,333,456
District's proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	14.67%	-2.68%	-6.41%	2.65%	10.44%	-47.89%

See independent auditor's report.

**TONAWANDA CITY SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT'S CONTRIBUTIONS**  
**NYSLRS PENSION PLAN**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 1,505,062	\$ 1,716,111	\$ 1,549,588	\$ 1,721,788	\$ 1,873,240	\$ 2,387,622
Contributions in relation to the contractually required contribution	\$ 1,505,062	\$ 1,716,111	\$ 1,549,588	\$ 1,721,788	\$ 1,873,240	\$ 2,387,622
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 15,292,526	\$ 15,563,848	\$ 15,921,694	\$ 14,464,731	\$ 13,301,146	\$ 14,333,456
Contributions as a percentage of covered-employee payroll	9.84%	11.03%	9.73%	11.90%	14.08%	16.66%

See independent auditor's report.



**TONAWANDA CITY SCHOOL DISTRICT**  
**SCHEDULE OF FUNDING PROGRESS OF OTHER POST EMPLOYMENT BENEFITS AND RELATED RATIOS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
<b>Total OPEB Liability:</b>					
Service cost	\$ 76,007	\$ 96,287	\$ 76,984	\$ 73,674	\$ 73,531
Interest	47,064	67,412	70,781	69,839	60,095
Changes of benefit terms	-	-	-	10,319	-
Differences between expected and actual experience in the measurement of the total OPEB liability	298,584	(283,708)	(98,781)	39,926	39,966
Changes in assumptions or other inputs	36,589	145,463	5,468	23,624	(58,282)
Expected benefit payments	<u>(67,089)</u>	<u>(74,795)</u>	<u>(97,865)</u>	<u>(71,447)</u>	<u>(69,266)</u>
Net Changes in total OPEB Liability	391,155	(49,341)	(43,413)	145,935	46,044
Total OPEB Liability - beginning	<u>1,888,828</u>	<u>1,938,169</u>	<u>1,981,582</u>	<u>1,835,647</u>	<u>1,789,603</u>
<b>Total OPEB Liability - ending</b>	<b><u>\$ 2,279,983</u></b>	<b><u>\$ 1,888,828</u></b>	<b><u>\$ 1,938,169</u></b>	<b><u>\$ 1,981,582</u></b>	<b><u>\$ 1,835,647</u></b>
Covered employee payroll	\$ 14,027,933	\$ 13,502,561	\$ 13,081,342	\$ 12,662,222	\$ 12,662,222
Total OPEB Liability as a percentage of covered employee payroll	16.25%	13.99%	14.82%	15.65%	14.50%

See independent auditor's report.



**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**

Board of Education  
Tonawanda City School District  
Tonawanda, New York

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tonawanda City School District, as of and for the year ended June 30, 2021, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 12, 2021. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Tonawanda City School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

*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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, during our audit, we did identify one deficiency in internal control that we consider to be a significant deficiency.

**4% of Unrestricted Fund Balance in the General Fund**

*Identification of significant deficiency:* The District's Unassigned Fund Balance in the General Fund exceeds 4% of the District's subsequent year's budgeted appropriations. This requirement to be below 4% is set by New York State.

*Recommendations:* We recommend that the District review its fund balance policies in order to comply with the 4% requirement.

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## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Allied CPAs, P.C.*

Tonawanda, New York  
October 12, 2021

**SINGLE AUDIT  
WITH  
INDEPENDENT AUDITOR'S REPORT**



## Independent Auditor's Report on Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance

Board of Education  
Tonawanda City School District  
Tonawanda, New York

### Report on Compliance for Each Major Federal Program

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

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

### **Opinion on Each Major Federal Program**

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

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## **Report on Internal Control Over Compliance**

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

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

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

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

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tonawanda City School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Tonawanda City School District's basic financial statements. We issued our report thereon dated October 12, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Allied CPAs, P.C.*

Tonawanda, New York  
October 12, 2021

**TONAWANDA CITY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<b>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Entity Identification Number</b>	<b>Total Federal Expenditures</b>
<b><u>U.S. Department of Agriculture:</u></b>			
Passed-through New York State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 105,964
National School Lunch Program	10.555	N/A	258,229
Commodity Supplemental Food Program	10.555	N/A	85,163
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>449,356</b>
<b><u>U.S. Department of Education:</u></b>			
Passed-through New York State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	0021-21-0845	388,012
<i>Special Education Cluster:</i>			
Special Education - Grants to States	84.027	0032-20-0239	524,109
Special Education - Preschool Grants	84.173	0409-20-1100	17,073
<i>Total Special Education Cluster</i>			541,182
Supporting Effective Instruction State Grants	84.367	0147-21-0845	66,022
Student Support and Academic Enrichment Program	84.424	0204-21-0845	31,177
Governor's Emergency Education Relief Fund	84.425C	5895-21-0845	376,096
Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-0845	63,683
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>1,466,172</b>
<b><u>U.S. Department of Health and Human Services:</u></b>			
Direct Program:			
Medicaid	93.778	N/A	133,016
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>133,016</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 2,048,544</b>

The accompanying note is an integral part of this schedule. See Note 1 to the Tonawanda City School District's Basic Financial Statements with Independent Auditor's Report for the Year Ended June 30, 2021 for the Summary of Significant Accounting Policies.

See Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with the Uniform Guidance.

**TONAWANDA CITY SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Note 1 – Summary of Certain Significant Accounting Policies:**

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 2 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The District did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance. Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District's policy is not to charge Federal award programs with indirect costs.

**Note 2 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Tonawanda City School District and presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Federal grants received by the District are subject to audit and adjustment. If any expenditures is disallowed by the grantor agencies as a result of such audit, the grantor agencies could make claims to reimbursement, which would become a liability of Tonawanda City School District.

Various reimbursement procedures are used for Federal Awards received by the School District. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balance at year end represent an excess of expenditures over cash reimbursements received to date. Deferred balances at year end represent an excess of cash reimbursements received over reimbursable expenditures to date. Generally, accrued or deferred balances are caused by differences in the timing of cash reimbursements and expenditures and will be reversed in the remaining grant period.

**Note 3 – Non-Cash Assistance**

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2021, the District received food commodities totaling \$85,163.



**TONAWANDA CITY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Section I - Summary of Auditor's Results**

**Financial Statements:**

Type of Auditors Report Issued: Unqualified

**Internal Control Over Financial Reporting:**

Material weaknesses identified? \_\_\_\_\_ Yes      X   No

Significant deficiencies identified not considered to be material weaknesses? \_\_\_\_\_ Yes      X   No

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   None reported

**Federal Awards:**

Internal control over major programs:

Material weaknesses identified? \_\_\_\_\_ Yes      X   No

Significant deficiencies identified not considered to be material weaknesses? \_\_\_\_\_ Yes      X   No

Type of auditor's report issued on compliance for major programs? Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 2 CRF §200.516(a) \_\_\_\_\_ Yes      X   No

**Identification of Major Programs:**

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
84.425C	Governor's Emergency Education Relief Fund
84.425D	Elementary and Secondary School Emergency Relief Fund

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

Auditee qualified as a low-risk auditee?   X   Yes    \_\_\_\_\_ No

**TONAWANDA CITY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Section II – Findings Related to Financial Statements**

As of and for the year ended June 30, 2021, Tonawanda City School District had no findings that were required to be reported in accordance with GAGAS.

**Section III – Federal Award Findings and Questioned Costs:**

As of and for the year ended June 30, 2021, Tonawanda City School District had no findings that were required to be reported in accordance with the Uniform Guidance.

**TONAWANDA CITY SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

There were no audit findings included in the prior audit's schedule of findings and questioned costs relative to federal awards.

**TONAWANDA CITY SCHOOL DISTRICT**  
**CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED JUNE 30, 2021**

There is no Corrective Action Plan for Tonawanda City School District.