

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR 2019

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

TABLE OF CONTENTS

<u>Statement Number</u>		<u>Page</u>
	Independent Auditors' Report	3-5
	Management's Discussion and Analysis	6-17
	Statements of Net Position	18
	Statement of Activities with Comparative Totals for 2019	19
	Balance Sheet - Governmental Funds with Comparative Totals for 2019	20
	Statement of Revenues, Expenditures and Changes in Fund Equity - Governmental Funds with Comparative Totals for 2019	21
	Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	22
	Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in Fund Equity to the Statement of Activities	23
	Statements of Fiduciary Net Position-Fiduciary Funds	24
	Statements of Changes in Fiduciary Net Position-Fiduciary Funds	24
	Notes to Financial Statements	25-59
REQUIRED SUPPLEMENTARY INFORMATION		
RS1	Schedule of Changes in Total OPEB Liability	61
RS2	Schedule of District's Contributions - NYSLRS Pension Plan	62
RS3	Schedule of District's Proportionate Share of the Net Pension Liability-NYSLRS	63
RS4	Schedule of District's Contributions - NYSTRS Pension Plan	64
RS5	Schedule of District's Proportionate Share of the Net Pension Liability (Asset)-NYSTRS	65
RS6	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund	66-67
SUPPLEMENTARY INFORMATION		
SS1	Schedule of Change from Original Budget to Revised Budget and Section 1318 of Real Property Tax Law Limit	68
SS2	Schedule of Project Expenditures - Capital Projects Fund	69-70
SS3	Combined Balance Sheet-Non-Major Governmental Funds	71
SS4	Combined Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Governmental Funds	72
SS5	Supplementary Information Investment in Capital Assets, Net of Related Debt	73
REPORTS APPLICABLE TO THE SINGLE AUDIT ACT		
SS6	Schedule of Expenditures of Federal Awards	74
	Notes to Schedule of Expenditures of Federal Awards	75
	Schedule of Findings and Questioned Costs	76
	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	77-78
	Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	79-81

VIEIRA & ASSOCIATES

CPAs, P.C.

John B. Burtis, CPA*
Scott M. Hotalen, CPA
*Also Licensed in Pennsylvania

Cheryl DiStefano, CPA
Patrick J. Price, CPA, CVA
Nicole R. Mayers, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Union-Endicott Central School District
1100 East Main Street
Endicott, New York 13760

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 Union-Endicott Central School District, as of, and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Union-Endicott Central School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the requirements of *Title 2 U.S. CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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 in the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Union-Endicott Central School District, as of June 30, 2020, 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 (GAAP).

Other Matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, schedule of changes in total OPEB liability, schedule of District's contributions-NYSLRS pension plan, schedule of proportionate share of the net pension liability - NYSLRS pension plan, schedule of District's contributions - NYSTRS pension plan, schedule of proportionate share of net pension liability/(asset) - NYSTRS pension plan, and schedule of revenues, expenditures and changes in fund balance -budget (non-GAAP) and actual - General Fund* on pages 6 through 17, and 61 through 67 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 standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Union-Endicott Central School District's basic financial statements. The change from adopted budget to final budget and the real property tax limit, schedule of project expenditures capital projects funds, combined balance sheet-non-major governmental funds, combined statement of revenues, expenditures and changes in fund balances non-major governmental funds, investment in capital assets, net of related debt and the Schedule of Expenditures of Federal Awards, required by the *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The change from adopted budget to final budget and the real property tax limit, project expenditures capital projects funds, combined balance sheet-non-major governmental funds, combined statement of revenues, expenditures and changes in fund balances-non-major governmental, investment in capital assets, net of related debt and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate 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 themselves or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the

United States of America.

In our opinion, the change from adopted budget to final budget and the real property tax limit, project expenditures capital projects funds, combined balance sheet-non-major governmental funds, combined statement of revenues, expenditures and changes in fund balances-non-major governmental funds, investment in capital assets, net of debt and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Prior Year Comparative information

We have previously audited the District's June 30, 2019 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated September 27, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards and the Uniform Guidance

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2020 on our consideration of Union-Endicott Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Union-Endicott's internal control over financial reporting and compliance.

We have also issued our report dated October 5, 2020, on compliance for each major federal program, internal control over compliance, and the schedule of federal awards required by the Uniform Guidance. The purpose of that report is to describe the scope of our testing of internal control and compliance for each major program and the results of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Title 2 U.S. CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* in considering Union-Endicott's internal control over each major program and compliance.

Vieira & Associates CPAs, P.C.

October 5, 2020
Endicott, New York

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

The following is a discussion and analysis of the Union-Endicott Central School District's (the School District) financial performance for the fiscal year ended June 30, 2020. 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 District-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. The Management's Discussion and Analysis (MD&A) 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

- Total General Fund revenues exceeded expenditures by \$155,997 in 2019-2020, compared to revenues exceeding expenditures by \$1,243,733 in 2018-2019.
- The General Fund adjusted budgeted expenditures and other financing uses were underspent by \$2,358,390, while actual revenues and other financing sources came in under the adjusted budget by \$2,485,261.
- Capital asset equipment and building additions during 2019-2020 amounted to \$3,341,315. Net depreciation expense totaled \$3,920,068.
- Indebtedness of the School District at June 30, 2020, in the amount of \$23,185,000 decreased \$4,860,000 from June 30, 2019 due to scheduled debt service payments.
- Total fund balance in the General Fund, including reserves, was \$16,836,976 at June 30, 2020. Restricted fund balance of \$11,695,552 consisted of General Fund restricted reserves; assigned fund balance of \$1,782,867 consisted of encumbrances of \$282,867 and appropriations to support the 2019- 2020 budget of \$1,500,000. Unassigned fund balance was \$3,358,557, which is below the maximum limit (4% of 2020-2021 appropriations) permitted under New York State Real Property Tax.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements and supplementary information, both required and not required. 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 Governmental Fund financial statements that focus on individual parts of the School District, reporting the School District's operations in greater detail than the District-wide financial statements. The Governmental Fund financial statements concentrate on the School District's most significant funds.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

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 and a Schedule of Changes in the School District's Total OPEB Liability and Related ratios related to the School District's unfunded actuarial liability for postemployment benefits and information related to the School District's pension obligations

District-wide Financial Statements

The District-wide financial 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 and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide financial statements report the School District's net position and how it has changed. Net Position – the difference between the School District's assets and liabilities – 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, one needs to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of the 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.

Governmental Fund Financial Statements

The Governmental 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. The School District has two kinds of funds:

- **Governmental Funds:** Most of the School 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 one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, additional information following the Governmental Funds statements explains the relationship (or differences) between them.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the Scholarship Fund and the Student Activities Funds. The School 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 School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Our analysis below focuses on the net position (Figure 1) and changes in net position (Figure 2) of the School District's governmental Activities.

Figure 1

Condensed Statement of Net Position	Governmental Activities & Total School District		Total Dollar Change
	2018-2019	2019-2020	2019-2020
<i>Current assets and other assets</i>	\$ 37,064,800	\$ 32,747,707	\$ (4,317,093)
<i>Net capital assets</i>	106,508,437	110,849,376	4,340,939
Total assets	143,573,237	143,597,083	23,846
Deferred cash outflows	21,180,057	22,169,358	989,301
<i>Current liabilities</i>	30,499,756	28,183,536	(2,316,220)
<i>Noncurrent liabilities</i>	237,680,150	245,619,897	7,939,747
Total liabilities	268,179,906	273,803,433	5,623,527
Deferred cash inflows	63,514,617	50,183,361	(13,331,256)
<i>Invested in capital assets, net of debt</i>	64,017,914	69,327,874	5,309,960
<i>Restricted</i>	13,470,006	13,967,221	497,215
<i>Unrestricted (deficit)</i>	(244,429,149)	(241,515,448)	2,913,701
Total net position	\$ (166,941,229)	\$ (158,220,353)	\$ 8,720,876

Total assets increased just .02% in 2019-2020.

Deferred cash outflows increased 4.7% and deferred cash inflows decreased 21%. These are a result of changes in actuarial assumptions related to NYSTRS and NYSLRS pension plans, as well as changes in actuarial assumptions for the other postemployment benefits (OPEB) plan.

Total liabilities increased by 2.1%. This change stems from increases in both the School District's OPEB liability and net pension liability for the NYSLRS pension plan.

Total net position (deficit) decreased 5.2%. This change stems from an increase in net investment in capital assets and restricted net position. Net investment in capital assets increased due to capital outlay and unspent debt proceeds in excess of debt used to finance those acquisitions.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Our analysis in Figure 2 considers the operations of the School District's activities.

Figure 2

Changes in Net Position	Governmental Activities & Total School District		Total Dollar Change
	2018-2019	2019-2020	2019-2020
REVENUES			
<i>Program revenues:</i>			
<i>Charges for service</i>	\$ 489,742	\$ 387,664	\$ (102,078)
<i>Operating grants and contributions</i>	4,231,810	4,123,638	(108,172)
<i>General revenues:</i>			
<i>Real property taxes</i>	41,304,783	42,179,816	875,033
<i>State and federal sources</i>	41,091,074	43,602,052	2,510,978
<i>Use of money and property</i>	1,178,855	985,449	(193,406)
<i>Other general revenues</i>	1,433,392	1,911,031	477,639
Total revenues	89,729,656	93,189,650	3,459,994
PROGRAM EXPENSES			
<i>General support</i>	9,889,018	10,224,621	335,603
<i>Instruction</i>	43,408,361	45,253,497	1,845,136
<i>Pupil transportation</i>	1,729,143	1,830,416	101,273
<i>Employee benefits</i>	18,479,124	20,138,273	1,659,149
<i>Debt service</i>	1,466,448	1,409,083	(57,365)
<i>School lunch program</i>	1,604,583	1,736,226	131,643
<i>Depreciation</i>	4,092,076	3,931,824	(160,252)
Total expenses	80,668,753	84,523,940	3,855,187
CHANGE IN NET POSITION	9,060,903	8,665,710	(395,193)

Total revenues for the School District's Governmental Activities increased by \$3,459,994 or 4% while total expenditures increased \$3,855,187 or 5%. The increase in revenue is mostly due to increases in property tax revenue and state sources. The increase in program expense is primarily due to a net increase in OPEB and instruction expense in comparison to expenses recorded the prior year.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Figures 3 and 4 show the percentage of sources of revenue for 2019-2020 and 2018-2019.

Figure 3

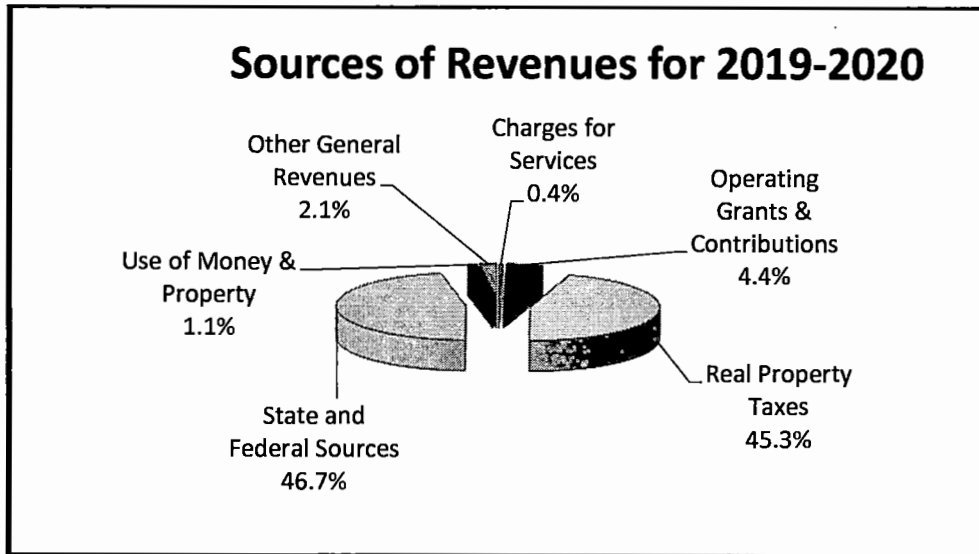
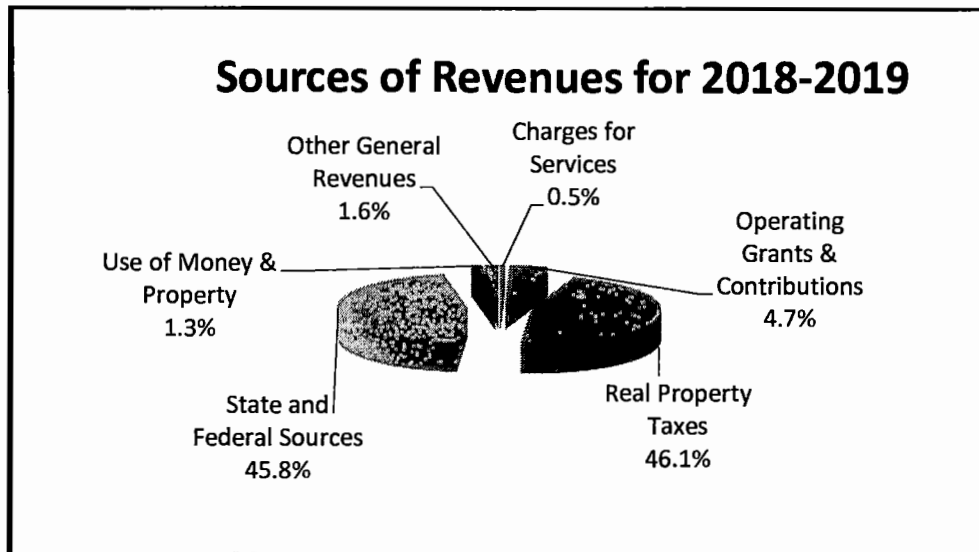


Figure 4



**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Figures 5 and 6 present the cost for each of the School District's programs for 2019-2020 and 2018-2019.

Figure 5

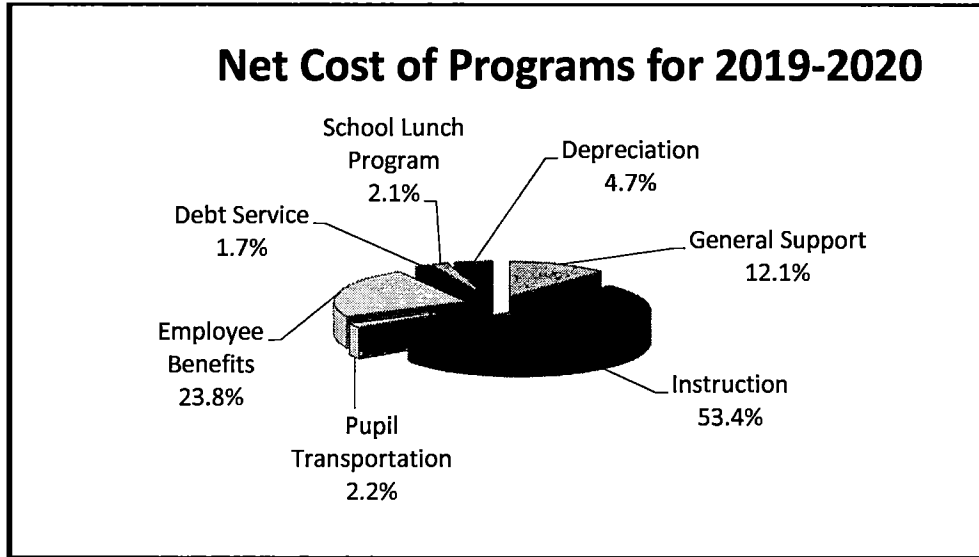
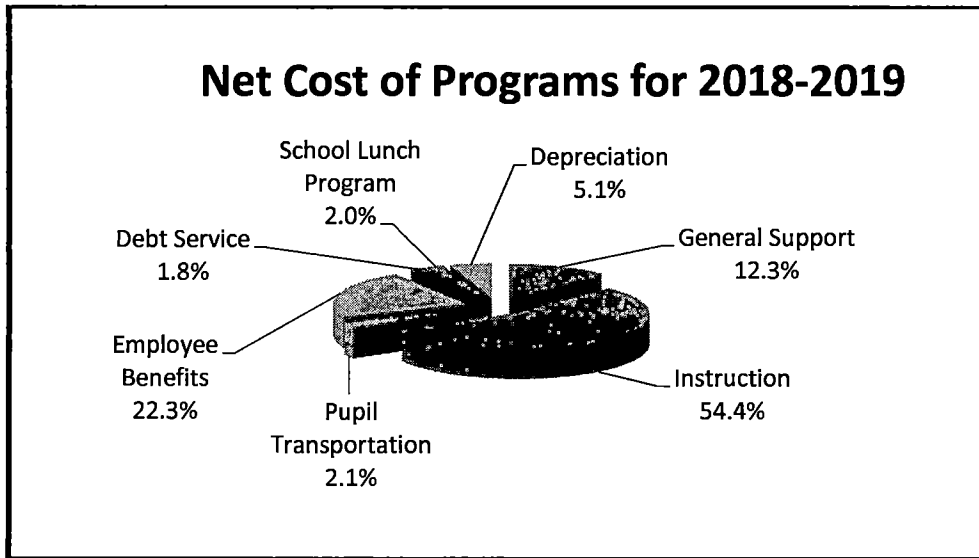


Figure 6



**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Figure 7 shows the changes in fund balances for the year for the School District's funds. As the School District completed the year, its governmental funds, as presented in the Balance Sheet, reported a combined total fund balance of \$595,992 which is a decrease from the prior year's balance of \$3,293,662. The decrease is primarily attributable to restructuring debt for ongoing capital projects.

Figure 7

Governmental Fund Balances	2018-2019	2019-2020	Total Dollar Change 2019-2020
<i>General Fund</i>	\$ 16,680,979	\$ 16,836,976	\$ 155,997
<i>Special Aid</i>	0	0	0
<i>School Lunch</i>	447,908	805,728	357,820
<i>Debt Service</i>	2,086,261	2,271,669	185,408
<i>Capital project</i>	<u>(15,325,494)</u>	<u>(19,318,381)</u>	<u>(3,992,887)</u>
Total Fund Balance	3,889,654	595,992	(3,293,662)

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the original budget and the final amended budget was \$1,605,336.15 or 1.9% of total general fund expenditures and may be summarized as follows:

403,363	June 30, 2019 Encumbrance Carryover
75,000	19-20 D. Lupardo Bullet Aid (BOE 8/26/19)
650	Visions FCU Donations (BOE 8/26/19)
1,000,000	Use of Fund Balance (12/3/19 Capital Vote)
1,025	Visions FCU - Literacy/Reading Kits (BOE 12/9/19)
475	Visions FCU Loves Educators Donations (BOE 1/6/20)
22,833	Power Outage Insurance Recovery (\$20,978.70); Technology with SWD (\$468); JFS Scholastic Book Fair (\$1,386.17) (BOE 3/9/20)
6,208	United Way/UEEF - CFJ Boys & Girls Club Program (BOE 3/9/20)
95,782	Emergency Bus Purchase (BOE 6/1/20)
<u>1,605,336</u>	

The District's policy for amending the original budget is as follows:

- All transfers \$5,000 and greater require prior board approval with the exception of all salary transfers; transfers under \$5,000 and salary transfers require District approval. All transfers are reported to the board.

Figure 8 summarizes the original and final budgets, the actual expenditures (including encumbrances), and variances for the year ending June 30, 2020.

Figure 8

Condensed Budgetary Comparison General Fund - 2019-2020	Original Budget	Revised Budget	Actual w/ Encumbrances	Total Dollar Variance
<i>REVENUES</i>				
<i>Real property taxes</i>	\$ 42,034,686	\$ 35,802,161	\$ 35,795,076	\$ (7,085)
<i>Real property tax items</i>	152,042	6,384,567	6,384,740	173
<i>State and federal sources</i>	39,810,381	39,885,380	39,937,728	52,348
<i>All other - other financing sources</i>	1,529,493	1,610,382	2,325,102	714,720
<i>Total Revenues and Other Financing Sources</i>	\$ 83,526,602	\$ 83,682,490	\$ 84,442,646	\$ 760,156
<i>Transfers from other fund</i>	\$ 6,566	\$ 6,566	\$ 115,880	\$ 109,314
<i>Appropriated fund balance</i>	1,500,000	2,596,368	0	(2,596,368)
<i>Appropriated reserves</i>	403,363	758,363	0	(758,363)
<i>Budget Grand Total</i>	\$ 85,436,531	\$ 87,043,787	\$ 84,558,526	\$ (2,485,261)
<i>EXPENDITURES</i>				
<i>General Support</i>	10,796,928	10,912,999	10,459,408	453,591
<i>Instruction</i>	42,606,522	42,631,442	41,752,213	879,229
<i>Pupil transportation</i>	1,865,710	2,007,991	1,801,840	206,151
<i>Employee benefits</i>	22,849,605	22,768,305	22,018,608	749,697
<i>Debt service</i>	7,538,050	7,538,050	7,481,685	56,365
<i>Transfers to other funds</i>	175,500	1,185,000	1,171,643	13,357
<i>Total Expenditures, and Other Financing Uses</i>	\$ 85,832,315	\$ 87,043,787	\$ 84,685,397	\$ 2,358,390

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2020, the School District had invested in a broad range of capital assets. Capital assets had a net increase of \$4,340,939 over last year as shown in *Figure 9* below.

Figure 9

Capital Assets (Net of Depreciation)	Government Activities & Total School District				
	Beginning Bal. 7/1/2019	Additions	Retire.	Reclass.	Ending Bal. 6/30/2020
<i>Land</i>	\$ 350,000	\$ 0	\$ 0	\$ 0	\$ 350,000
<i>Construction in Progress</i>	18,634,170	7,637,705	0	(2,642,687)	23,629,188
<i>Buildings</i>	84,261,259	(696,364)	0	0	83,564,895
<i>Equipment</i>	3,263,008	117,611	(63,570)	(11,756)	3,305,293
Totals	\$ 106,508,437	\$ 7,058,952	\$ (63,570)	\$ (2,654,443)	\$ 110,849,376

Capital asset activity for the year ended June 30, 2020 included the following:

\$ 520,306	Buses (5)
34,553	Security Cameras
41,917	Maintenance & Groundskeeping Equipment
101,852	Misc. Equipment
<u>698,628</u>	Subtotal - Equipment Additions
10,280,392	Add: Construction Additions, net
10,979,020	Grand Total - Additions
(63,570)	Retirements, net
(2,654,443)	Reclassifications, net
<u>(3,920,068)</u>	Depreciation
\$ 4,340,939	

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Debt Administration

Debt, both short and long-term, considered a liability of Governmental Activities, decreased by \$5,742,600 in 2019-2020, as shown in *Figure 10*. Total indebtedness represented 54.8% of the constitutional debt limit, exclusive of building aid estimates.

Figure 10

Outstanding Debt	Governmental Activities & Total School District		Total Dollar Change
	2018-2019	2019-2020	2019-2020
Bond anticipation notes	\$ 20,353,960	\$ 19,471,360	\$ (882,600)
Serial bonds	28,045,000	23,185,000	(4,860,000)
Totals	\$ 48,398,960	\$ 42,656,360	\$ (5,742,600)

Additional information on the maturities and terms of the School District's outstanding debt can be found in the notes to these financial statements.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- The budget for the 2020-21 fiscal year was voted on by qualified voters on June 16, 2020. The District's 2020-21 budget proposal of \$87,289,972 called for a tax levy increase of 1.88%, which was equal to the State's maximum allowable tax levy increase for the 2020-21 fiscal year. The budget passed by 74%.
- As part of a twelve-year replacement schedule designed to strategically maintain the fleet of vehicles, (3) 65 passenger diesel school buses and (1) 35 passenger gas school bus will be purchased for a total cost not to exceed \$460,000.
- Union-Endicott's Total Reserves after Adjustments as of 6/30/20 include:
 - Unemployment Insurance Reserve - \$267,645
 - Retirement Contribution Reserve - \$3,948,766
 - Retirement Contribution Sub-Reserve - \$1,016,319
 - Reserve for Tax Certiorari - \$1,240,388
 - Reserve for EBALR - \$911,367
 - Capital Reserve - \$4,311,067
- This year the District's Bond Rating continues to be rated by Standard and Poor as A+.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Union-Endicott Central School District's citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Office of the Union-Endicott Central School District, 1100 E. Main Street, Endicott, New York 13760.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019**

ASSETS	2020	2019
Cash		
Unrestricted	\$ 12,161,336	\$ 18,847,056
Restricted	11,695,552	11,383,746
Receivables		
Due from fiduciary funds	1,220	6,149
State and Federal aid	2,499,836	1,756,794
Due from other governments	2,197,577	2,167,248
Other	125,854	92,300
Inventories	87,722	48,455
Deferred expenditures	-	3,179
Net pension asset	3,978,610	2,759,873
Capital assets, net	110,849,376	106,508,437
Total Assets	\$ 143,597,083	\$ 143,573,237
Deferred cash outflows		
Pensions	\$ 16,022,812	\$ 15,619,059
OPEB	6,146,546	5,560,998
	\$ 22,169,358	\$ 21,180,057
LIABILITIES		
Payables		
Accounts payable	\$ 4,954,369	\$ 5,887,210
Accrued liabilities	212,616	346,373
Due to fiduciary funds	5,127	-
Due to other governments	77	693
Due to Teachers' Retirement System	2,474,309	2,876,802
Due to Employees' Retirement System	229,878	220,947
Notes payable		
Bond anticipation	19,471,360	20,353,960
Deferred credits		
Unearned revenues	835,800	813,771
Long-term liabilities		
Due and payable within one year		
Bonds payable	4,700,000	4,860,000
Compensated absences payable	1,292,320	1,358,539
Other postemployment benefits payable	216,228,088	206,939,122
Net pension liability	4,914,489	1,337,489
Other liabilities		
Bonds payable	18,485,000	23,185,000
Total Liabilities	\$ 273,803,433	\$ 268,179,906
Deferred cash inflows		
Unamortized bond premium	\$ 1,786,456	\$ 2,089,832
Economic gain on defeasance of debt	202,270	374,137
Pensions	5,610,451	4,068,353
OPEB	42,584,184	56,982,295
	\$ 50,183,361	\$ 63,514,617
NET ASSETS		
Investment in capital assets, net of related debt	\$ 69,327,874	\$ 64,017,914
Restricted	13,967,221	13,470,006
Unrestricted (deficit)	(241,515,448)	(244,429,149)
Total Net Position	\$ (158,220,353)	\$ (166,941,229)

See independent auditors' report and notes to financial statements

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE TOTALS FOR 2019**

	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants	2020	2019
FUNCTIONS/PROGRAMS						
General support	\$ (10,224,621)	\$ (3,248,146)	\$ -	\$ -	\$ (13,472,767)	\$ (12,944,858)
Instruction	(45,253,497)	(19,405,320)	146,714	3,963,269	(60,548,834)	(57,520,930)
Pupil transportation	(1,830,416)	(1,048,256)	-	-	(2,878,672)	(2,745,161)
Employee benefits	(20,138,273)	20,138,273	-	-	-	-
Debt service	(1,409,083)	-	-	-	(1,409,083)	(1,466,448)
Depreciation	(3,931,824)	3,931,824	-	-	-	-
School food service	(1,736,226)	(368,375)	240,950	160,369	(1,703,282)	(1,390,305)
Total Functions and Programs	<u>\$ (84,523,940)</u>	<u>\$ -</u>	<u>\$ 387,664</u>	<u>\$ 4,123,638</u>	<u>\$ (80,012,638)</u>	<u>(76,067,702)</u>
GENERAL REVENUES						
Real property taxes	\$ 35,795,076	\$ -	\$ -	\$ -	\$ 35,795,076	\$ 34,597,748
Other tax items	6,384,740	-	-	-	6,384,740	6,707,035
Use of money and property	985,449	-	-	-	985,449	1,178,855
Sale of property and compensation for loss	30,136	-	-	-	30,136	(236,311)
Miscellaneous	1,880,895	-	-	-	1,880,895	1,790,204
State sources	41,516,211	-	-	(733,697)	40,782,514	39,526,620
Federal sources	5,311,736	-	-	(2,677,969)	2,633,767	1,326,536
Local sources	711,972	-	-	(711,972)	-	-
Medicaid reimbursement	185,771	-	-	-	185,771	237,918
Total General Revenues	<u>\$ 92,801,986</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,123,638)</u>	<u>88,678,348</u>	<u>85,128,605</u>
Change in Net Position					8,665,710	9,060,903
Total Net Position - Beginning of Year					(166,941,229)	(176,002,132)
Prior Period Adjustment *					55,166	-
Total Net Position - End of Year					<u>\$ (158,220,353)</u>	<u>\$ (166,941,229)</u>

* See Notes to Financial Statements Note 16

See independent auditors' report and notes to financial statements

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020 WITH COMPARATIVE TOTALS FOR 2019**

	Major		Total Non-Major Funds	Total Governmental Funds		
	General	2016 Project		2018 Project	2020	2019
ASSETS						
Cash						
Unrestricted	\$ 7,795,231	\$ -	\$ 739,245	\$ 3,626,860	\$ 12,161,336	\$ 18,847,056
Restricted	11,695,552	-	-	-	11,695,552	11,383,746
Receivables						
Due from other funds	1,013,891	-	-	19,158	1,033,049	457,585
Due from fiduciary funds	1,220	-	-	-	1,220	6,149
State and Federal aid	1,230,319	-	-	1,269,517	2,499,836	1,756,794
Due from other governments	2,142,411	-	-	-	2,142,411	2,167,248
Other	125,074	-	-	780	125,854	92,300
Inventories	-	-	-	87,722	87,722	48,455
Deferred expenditures	-	-	-	-	-	3,179
Total Assets	\$ 24,003,698	\$ -	\$ 739,245	\$ 5,004,037	\$ 29,746,980	\$ 34,762,512
LIABILITIES						
Payables						
Accounts payable	\$ 3,526,328	\$ 531,604	\$ 76,648	\$ 819,789	\$ 4,954,369	5,887,210
Accrued liabilities	142,241	-	-	4,778	147,019	261,890
Due to other funds	17,935	-	-	1,015,114	1,033,049	457,585
Due to fiduciary funds	5,127	-	-	-	5,127	-
Due to other governments	-	-	-	77	77	693
Due to Teachers' Retirement System	2,474,309	-	-	-	2,474,309	2,876,802
Due to Employees' Retirement System	229,878	-	-	-	229,878	220,947
Notes payable						
Bond anticipation	-	9,281,000	8,797,560	1,392,800	19,471,360	20,353,960
Deferred credits						
Unearned revenues	770,904	-	-	64,896	835,800	813,771
Long-term liabilities						
Compensated absences payable	-	-	-	-	-	-
Total Liabilities	7,166,722	9,812,604	8,874,208	3,297,454	29,150,988	30,872,858
FUND BALANCES						
Non-spendable	-	-	-	87,721	87,721	51,635
Restricted	11,695,552	-	-	2,271,669	13,967,221	13,470,006
Committed	-	-	-	-	-	-
Assigned	1,782,867	1,568,322	-	718,007	4,069,196	7,179,767
Unassigned	3,358,557	(11,380,926)	(8,134,963)	(1,370,814)	(17,528,146)	(16,811,754)
Total Fund Balances	16,836,976	(9,812,604)	(8,134,963)	1,706,583	595,992	3,889,654
Total Liabilities and Fund Balances	\$ 24,003,698	\$ -	\$ 739,245	\$ 5,004,037	\$ 29,746,980	\$ 34,762,512

See independent auditors' report and notes to financial statements

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND EQUITY - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE TOTALS FOR 2019**

	General	Major 2016 Project	2018 Project	Total Non-Major Funds	Total Governmental Funds 2020	2019
REVENUES						
Real property taxes	\$ 35,795,076	\$ -	\$ -	\$ -	\$ 35,795,076	\$ 34,597,748
Other tax items	6,384,740	-	-	-	6,384,740	6,707,035
Charges for services	146,714	-	-	-	146,714	104,003
Use of money and property	476,130	-	-	34,076	510,206	692,668
Sale of property and compensation for loss	93,706	-	-	-	93,706	27,572
Miscellaneous	1,608,552	-	-	272,343	1,880,895	1,790,204
State sources	39,751,957	1,030,557	-	733,697	41,516,211	40,316,416
Medicaid reimbursement	185,771	-	-	-	185,771	237,918
Federal sources	-	-	-	5,180,857	5,180,857	3,926,774
Local sources	-	-	-	711,972	711,972	600,606
Surplus food	-	-	-	130,879	130,879	120,669
Sales - school lunch	-	-	-	240,950	240,950	385,739
Total Revenues	84,442,646	1,030,557	-	7,304,774	92,777,977	89,507,352
EXPENDITURES						
General support	10,291,587	-	-	-	10,291,587	10,317,746
Instruction	41,646,666	-	-	3,833,492	45,480,158	43,833,365
Pupil transportation	1,792,340	-	-	38,076	1,830,416	1,729,143
Employee benefits	22,018,608	-	-	383,971	22,402,579	22,368,256
Debt service						
Principal	6,147,600	-	-	-	6,147,600	5,784,900
Interest	1,334,085	-	-	93,884	1,427,969	1,468,402
Cost of sales	-	-	-	1,736,224	1,736,224	1,702,742
Capital outlay	-	469,689	5,940,002	1,633,015	8,042,706	6,347,568
Total Expenditures	83,230,886	469,689	5,940,002	7,718,662	97,359,239	93,552,122
Excess (Deficiency) of Revenues Over Expenditures	<u>1,211,760</u>	<u>560,868</u>	<u>(5,940,002)</u>	<u>(413,888)</u>	<u>(4,581,262)</u>	<u>(4,044,770)</u>
OTHER FINANCING SOURCES AND USES						
Proceeds from debt	-	742,000	85,000	460,600	1,287,600	1,039,600
Proceeds of refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Operating transfers in	115,880	-	150,000	1,298,643	1,564,523	242,171
Operating transfers (out)	(1,171,643)	-	-	(392,880)	(1,564,523)	(242,171)
Total Other Sources (Uses)	(1,055,763)	742,000	235,000	1,366,363	1,287,600	1,039,600
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	155,997	1,302,868	(5,705,002)	952,475	(3,293,662)	(3,005,170)
Fund Balances - Beginning of Year	16,680,979	(11,115,472)	(2,429,961)	754,108	3,889,654	6,894,824
Fund Balances - End of Year	<u>\$ 16,836,976</u>	<u>\$ (9,812,604)</u>	<u>\$ (8,134,963)</u>	<u>\$ 1,706,583</u>	<u>\$ 595,992</u>	<u>\$ 3,889,654</u>

See independent auditors' report and notes to financial statements

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

	Total Governmental Funds	Long-Term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash				
Unrestricted	\$ 12,161,336	\$ -	\$ -	\$ 12,161,336
Restricted investments	11,695,552	-	-	11,695,552
Receivables				
Due from other funds	1,033,049	-	(1,033,049)	-
Due from fiduciary funds	1,220	-	-	1,220
State and Federal aid	2,499,836	-	-	2,499,836
Due from other governments	2,142,411	55,166	-	2,197,577
Other	125,854	-	-	125,854
Inventories	87,722	-	-	87,722
Deferred expenditures	-	-	-	-
Proportion of net pension asset	-	3,978,610	-	3,978,610
Capital assets, net	-	110,849,376	-	110,849,376
	<u>29,746,980</u>	<u>114,883,152</u>	<u>(1,033,049)</u>	<u>143,597,083</u>
Deferred cash outflows				
Pensions	-	16,022,812	-	16,022,812
OPEB	-	6,146,546	-	6,146,546
LIABILITIES				
Payables				
Accounts payable	\$ 4,954,369	\$ -	\$ -	\$ 4,954,369
Accrued liabilities	147,019	65,597	-	212,616
Due to other funds	1,033,049	-	(1,033,049)	-
Due to fiduciary funds	5,127	-	-	5,127
Due to other governments	77	-	-	77
Due to Teachers' Retirement System	2,474,309	-	-	2,474,309
Due to Employees' Retirement System	229,878	-	-	229,878
Notes payable				
Bond anticipation	19,471,360	-	-	19,471,360
Deferred credits				
Unearned revenues	835,800	-	-	835,800
Long-term liabilities				
Bonds payable	-	23,185,000	-	23,185,000
Compensated absences payable	-	1,292,320	-	1,292,320
Other postemployment benefits payable	-	216,228,088	-	216,228,088
Proportionate share of pension liability	-	4,914,489	-	4,914,489
	<u>29,150,988</u>	<u>245,685,494</u>	<u>(1,033,049)</u>	<u>273,803,433</u>
Deferred cash inflows				
Unamortized bond premium	-	1,786,456	-	1,786,456
Economic gain on defeasance of debt	-	202,270	-	202,270
Pensions	-	5,610,451	-	5,610,451
OPEB	-	42,584,184	-	42,584,184
FUND EQUITY\NET POSITION				
Investment in capital assets, net	-	87,664,376	-	87,664,376
Restricted for:				
Debt service	2,271,669	-	-	2,271,669
Other legal restrictions	11,695,552	-	-	11,695,552
Unrestricted (deficit)	(13,371,229)	(246,480,721)	-	(259,851,950)
	<u>\$ 595,992</u>	<u>\$ (158,816,345)</u>	<u>\$ -</u>	<u>\$ (158,220,353)</u>

See independent auditors' report and notes to financial statements

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN
FUND EQUITY TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-Term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	\$ 35,795,076	\$ -	\$ -	\$ -	\$ 35,795,076
Other tax items	6,384,740	-	-	-	6,384,740
Charges for services	146,714	-	-	-	146,714
Use of money and property	510,206	-	-	475,243	985,449
Sale of property and compensation for loss	93,706	-	(63,570)	-	30,136
Miscellaneous	1,880,895	-	-	-	1,880,895
State sources	41,516,211	-	-	-	41,516,211
Medicaid reimbursement	185,771	-	-	-	185,771
Federal sources	5,180,857	-	-	-	5,180,857
Local sources	711,972	-	-	-	711,972
Surplus food	130,879	-	-	-	130,879
Sales - school lunch	240,950	-	-	-	240,950
Total Revenues	92,777,977	-	(63,570)	475,243	93,189,650
EXPENDITURES\EXPENSES					
General support	10,291,587	-	(66,966)	-	10,224,621
Instruction	45,480,158	-	(226,661)	-	45,253,497
Pupil transportation	1,830,416	-	-	-	1,830,416
Employee benefits	22,402,579	-	-	(2,264,306)	20,138,273
Debt service					
Principal	6,147,600	-	-	(6,147,600)	-
Interest	1,427,969	-	-	(18,886)	1,409,083
Cost of sales	1,736,224	-	2	-	1,736,226
Depreciation	-	-	3,931,824	-	3,931,824
Capital outlay	8,042,706	-	(8,042,706)	-	-
Total Expenditures	97,359,239	-	(4,404,507)	(8,430,792)	84,523,940
Excess (Deficiency) of Revenues Over Expenditures	(4,581,262)	-	4,340,937	8,906,035	8,665,710
OTHER SOURCES AND USES					
Proceeds from debt	1,287,600	-	-	(1,287,600)	-
Proceeds of refunding bonds	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-
Operating transfers in	1,564,523	-	-	-	1,564,523
Operating transfers (out)	(1,564,523)	-	-	-	(1,564,523)
Total Other Sources (Uses)	1,287,600	-	-	(1,287,600)	-
Net Change for the Year	\$ (3,293,662)	\$ -	\$ 4,340,937	\$ 7,618,435	\$ 8,665,710

See independent auditors' report and notes to financial statements

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
STATEMENTS OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2020 AND 2019**

	Private Purpose Trusts		Agency	
	2020	2019	2020	2019
ASSETS				
Cash	\$ -	\$ -	\$ 92,791	\$ 102,027
Restricted cash	214,329	217,407	166,676	158,170
Due from other funds	-	-	5,127	-
Total Assets	<u>\$ 214,329</u>	<u>\$ 217,407</u>	<u>\$ 264,594</u>	<u>\$ 260,197</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ 1,220	\$ 6,149
Extraclassroom activity balances	-	-	166,676	158,170
Other liabilities	-	-	96,698	95,878
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 264,594</u>	<u>\$ 260,197</u>
NET POSITION				
Reserved for scholarships	<u>\$ 214,329</u>	<u>217,407</u>		

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE TOTALS FOR 2019**

	Private Purpose Trusts	
	2020	2019
ADDITIONS		
Gifts and contributions	\$ 555	\$ 14,112
Investment earnings	3,794	4,508
Total Additions	<u>4,349</u>	<u>18,620</u>
DEDUCTIONS		
Scholarships and awards	<u>7,427</u>	<u>21,650</u>
Change in Net Position	(3,078)	(3,030)
Net Position - Beginning of year	<u>217,407</u>	<u>220,437</u>
Net Position - End of Year	<u>\$ 214,329</u>	<u>\$ 217,407</u>

See independent auditors' report and notes to financial statements

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Union-Endicott Central School District (the "District") have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government 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 used by the District are described below:

A) Reporting entity:

The Union-Endicott Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 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 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and its component unit. 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 applications of these criteria, the following is a brief description of certain entities included in the District's reporting entity.

i) 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.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B) Joint venture:

The District is a component district in the Broome-Tioga Board of Cooperative Educational Services ("BOCES"). BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

- i) 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 its students participate.

During the year, the District was billed \$16,202,933 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$5,945,525.

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

C) Basis of presentation:

i) 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.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C) Basis of presentation (Continued):

i) District-wide statements (Continued):

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.

ii) Funds statements:

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

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.

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.

All remaining governmental funds are aggregated and reported as non-major funds.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C) Basis of presentation (Continued):

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 are two classes of fiduciary funds:

Private purpose trust funds: These funds are used to account for trust arrangements under which principal and income benefits individuals, private organizations, or other governments. A scholarship is an example of a Private-Purpose Trust Fund. 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.

Agency funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or Extraclassroom activity funds and for payroll or employee withholding.

D) Measurement focus and basis of accounting:

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

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety (90) days after the end of the fiscal year as it matches the liquidation of related obligations.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Measurement focus and basis of accounting (Continued):

Expenditures are recorded when the related fund liability is incurred, except for the principal and interest on general long-term debt, claims and judgments, and compensated absences, pensions, and other post-employment benefits 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 resources.

E) Property taxes:

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1, 2019 through March 31, 2020. Uncollected real property taxes are subsequently enforced by the Counties in which the District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

F) Restricted resources:

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

G) Inter-fund transactions:

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with inter-fund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These inter-fund receivables and payables are expected to be repaid within 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 inter-fund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all inter-fund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all inter-fund transactions as originally recorded. Inter-fund 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 9 for a detailed disclosure by individual fund for inter-fund receivables, payables, expenditures, and revenues activity.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H) Estimates:

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

I) Cash (and cash equivalents) and investments:

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts. Investments are stated at fair value.

J) Accounts receivable:

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

K) Inventories and prepaid items:

Inventories of food in the School Food Service Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of 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.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K) Inventories and prepaid items (Continued):

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

L) Other assets/restricted assets:

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

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

M) Capital assets:

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2005. For assets acquired prior to June 30, 2005, they are reported at estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

Land and construction in progress 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	SL	40
Building improvements	5,000	SL	25
Site improvements	5,000	SL	25
Furniture and equipment	5,000	SL	5-15

N) Deferred outflows and inflows of resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be reciprocated as an outflow of resources (expense/expenditures) until then. 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. The second item is related to pensions reported in the district-wide Statement of Net Position.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N) Deferred outflows and inflows of resources (Continued):

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) 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 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 position liability (ERS System) and difference during the measurement periods between the District's contributions and its proportional 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.

O) Unearned credits:

Unearned credit are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available. Many unearned revenues recorded in governmental funds are not recorded in the District-wide statements.

P) Vested employee benefits:

Compensated absences

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

See independent auditors' report

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P) Vested employee benefits (Continued):

Compensated absences (Continued)

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 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 fund 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.

Q) Other benefits:

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

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

In addition to providing pension benefits, the District provides 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 cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as expenditure.

R) Short-term debt:

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R) Short-term debt (Continued):

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. State law requires that BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date.

S) 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-post employment 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.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T) 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, construction or improvements of those assets.

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

Funds statements:

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

Non-spendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Food Service Fund of \$87,721 and prepaid expenses of \$ - in the General 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 School District has established the following restricted fund balances:

Debt Service Reserve Fund

According to General Municipal Law §6-I, 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 proceeds of the sale of District property or capital improvement. This reserve is accounted for in the Debt Service Fund.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T) Equity classifications (Continued):

Funds statements (Continued):

Restricted (Continued):

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.

Unemployment Insurance Payment Reserve Fund

According to General Municipal Law §6-m, all expenditures made from the unemployment insurance payment reserve fund must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

Employee Benefits and 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.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T) Equity classifications (Continued):

Funds statements (Continued):

Restricted (Continued):

Retirement Contribution 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.

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.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T) Equity classifications (Continued):

Funds statements (Continued):

Restricted (Continued):

Restricted fund balance includes the following:

General Fund	
Capital Reserve	\$ 4,311,067
Employee Benefits and Accrued Liabilities	911,367
Retirement Contributions	3,948,766
Retirement Contribution Sub-Fund	1,016,319
Tax Certiorari	1,240,388
Unemployment Insurance	267,645
Capital Projects Fund*	-
Debt Service Fund*	2,271,669
School Food Service Fund*	-
Total restricted funds	<u>\$ 13,967,221</u>

*includes remaining fund balance in these funds not otherwise classified as non-spendable, committed or assigned.

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2020.

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.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T) Equity classifications (Continued):

Funds statements (Continued):

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 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 of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T) Equity classifications (Continued):

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 determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

U) Implementation of New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2020, the District implemented the following new standards issued by GASB. These standards had no significant impact on the District.

GASB issued Statement 83, Certain Asset Retirement Obligations, effective for the year ending June 30, 2020.

GASB has issued Statement 88, Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements, effective for the year ending June 30, 2020.

V) Future Changes in Accounting Standards

GASB Statement No. 84 -Fiduciary Activities	Effective for the year ending June 30, 2021
GASB Statement No. 87 -Leases	Effective for the year ending June 30, 2022
GASB Statement No. 89 -Accounting for Interest Cost Incurred Before the End of a Construction Period	Effective for the year ending June 30, 2022
GASB Statement No. 91 -Conduit Debt Obligations	Effective for the year ending June 30, 2023

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

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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.

A) Total fund balances of governmental funds vs. net position of governmental activities:

Total fund balances 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.

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

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

i) Long-term revenue differences:

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

ii) 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.

iii) 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.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2: EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED)

iv) 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.

v) 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:

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 by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

Carryover Encumbrances	\$ 403,363
Other Unanticipated Revenue	80,889
State Aid	75,000
Use of Capital Reserve	1,046,084

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.

General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2020.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgets (Continued)

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

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 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.

Deficit fund balance

The capital projects fund had a deficit fund balance of \$19,318,381. This will be funded when the District obtains permanent financing for its current construction projects.

NOTE 4: CASH (AND CASH EQUIVALENTS) - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

Cash and investments

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.

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

- A)** Uncollateralized \$ -
- B)** Collateralized with securities held by the pledging financial institution, or trust department or agent, but not in the District's name \$ 22,685,711

Restricted cash and investments represent cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$11,695,552 restricted for the voter approved capital project in the capital projects fund, \$166,676 restricted for extraclassroom in the fiduciary funds and \$214,329 restricted for scholarships in the fiduciary funds.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4: CASH (AND CASH EQUIVALENTS) - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS (CONTINUED)

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2020 all deposits were fully insured and collateralized by the District's agent in the District's name.

Investment and deposit policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, State and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

Credit risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

Custodial risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits.

The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- 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.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5: CAPITAL ASSETS

Capital asset balances and activities for the year ended June 30, 2020 were as follows:

	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance
Governmental Activities:					
Capital assets that are not depreciated:					
Land	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
Construction in progress	18,634,170	7,637,705	-	(2,642,687)	23,629,188
Total non-depreciable historical cost	<u>18,984,170</u>	<u>7,637,705</u>	<u>-</u>	<u>(2,642,687)</u>	<u>23,979,188</u>
Capital assets that are depreciated:					
Buildings	\$ 131,252,551	\$ 2,642,687	\$ -	\$ -	\$ 133,895,238
Furniture and equipment	11,820,432	698,628	(421,087)	-	12,097,973
Total depreciable historical cost	<u>143,072,983</u>	<u>3,341,315</u>	<u>(421,087)</u>	<u>-</u>	<u>145,993,211</u>
Total non-depreciable and depreciable costs	<u>162,057,153</u>	<u>10,979,020</u>	<u>(421,087)</u>	<u>(2,642,687)</u>	<u>169,972,399</u>
Less accumulated depreciation:					
Buildings	\$ 46,991,292	\$ 3,339,051	\$ -	\$ -	\$ 50,330,343
Furniture and equipment	8,557,424	581,017	(357,517)	11,756	8,792,680
Total accumulated depreciation	<u>55,548,716</u>	<u>3,920,068</u>	<u>(357,517)</u>	<u>11,756</u>	<u>59,123,023</u>
Total depreciable historical cost, net	<u>\$ 106,508,437</u>	<u>\$ 7,058,952</u>	<u>\$ (63,570)</u>	<u>\$ (2,654,443)</u>	<u>\$ 110,849,376</u>

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 1,150,643
Instruction	2,328,416
Pupil Transportation	406,640
Cost of Goods Sold	34,369
	<u>3,920,068</u>

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 6: SHORT-TERM DEBT

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

<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
10/25/2019	3.00%	\$ 1,448,400	\$ -	\$ (1,448,400)	\$ -
6/27/2020	2.00%	\$ 18,905,560	\$ -	\$ (18,905,560)	\$ -
10/22/2020	2.00%	\$ -	\$ 1,392,800	\$ -	\$ 1,392,800
6/25/2021	1.25%	\$ -	\$ 18,078,560	\$ -	\$ 18,078,560

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

Interest paid	\$ 420,513
Plus interest accrued in current year	22,328
Less interest accrued in prior year	<u>(32,631)</u>
Total interest on short-term debt	<u>\$ 410,210</u>

NOTE 7: LONG-TERM OBLIGATIONS

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

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.

Serial Bonds

The School District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables 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.

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

Interest paid	\$ 1,007,456
Plus interest accrued in current year	43,269
Less interest accrued in prior year	<u>(51,852)</u>
Total interest on long-term debt	<u>\$ 998,873</u>

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 7: LONG-TERM OBLIGATIONS (CONTINUED)

Noncurrent liability balances and activity for the year are as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Long-Term Liabilities:					
Bonds and notes payable	\$ 28,045,000	\$ -	\$ 4,860,000	\$ 23,185,000	\$ 4,700,000
General obligation debt	-	-	-	-	-
Total Long-Term Liabilities	<u>28,045,000</u>	<u>-</u>	<u>4,860,000</u>	<u>23,185,000</u>	<u>4,700,000</u>
Other Long-Term Liabilities:					
Compensated absences payable	1,358,539	-	66,219	1,292,320	-
Other post-employment benefits obligation	206,939,122	9,288,966	-	216,228,088	-
Proportionate share of net pension liability	1,337,489	3,577,000	-	4,914,489	-
Total other liabilities	<u>209,635,150</u>	<u>12,865,966</u>	<u>66,219</u>	<u>222,434,897</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 237,680,150</u>	<u>\$ 12,865,966</u>	<u>\$ 4,926,219</u>	<u>\$ 245,619,897</u>	<u>\$ 4,700,000</u>

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

Bonds payable is comprised of the following:

Description of issue	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Serial Bonds	2012	2027	3.00-5.00%	\$ 3,945,000
Serial Bonds	2013	2027	2.75-3.25%	5,410,000
Serial Bonds	2014	2025	2.00-2.75%	5,120,000
Serial Bonds	2015	2022	2.00-4.00%	2,910,000
Serial Bonds	2017	2025	1.25-4.00%	1,380,000
Serial Bonds	2017	2032	3.00-5.00%	4,420,000

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

Fiscal year ended:	Principal	Interest	Total
June 30, 2021	\$ 4,700,000	\$ 841,213	\$ 5,541,213
2022	4,595,000	683,938	5,278,938
2023	3,340,000	526,287	3,866,287
2024-2028	9,030,000	1,181,963	10,211,963
2029-2032	<u>1,520,000</u>	<u>165,500</u>	<u>1,685,500</u>
	<u>\$ 23,185,000</u>	<u>\$ 3,398,901</u>	<u>\$ 26,583,901</u>

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$10,073,000 of bonds outstanding is considered defeased. The economic gain on the transaction (the difference between the present values of the debt service payments on the old and new debt) is approximately \$90,590.

See independent auditors' report

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8: PENSION PLANS

General Information

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 services and final average salary, vesting of retirement benefits, death and disability.

Plan descriptions and benefits provided

Teachers' Retirement System (TRS)

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 NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the TRS Comprehensive Annual Financial Report, which can be found on the System's website at www.nystrs.org.

Employee's Retirement System (ERS)

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 or obtained by writing to NYSERS, 110 State Street, Albany, New York 12244.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8: PENSION PLANS (CONTINUED)

Funding Policies

The Systems are noncontributory except for employees who joined the Systems after July 27, 1976, who contribute 3% of their salary for the first 10 years of membership, and employees who joined after January 1, 2010 who generally contribute 3% to 3.5% of their salary for their entire length of service. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary, for their entire working career. For NYSERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For NYSTRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

The District is required to contribute at an actuarially determined rate. The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2019 - 2020	\$ 2,874,387	\$ 882,755
2018 - 2019	2,588,831	865,022
2017 - 2018	2,957,320	859,430

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts, relating to the System's fiscal years ending March 31, 1988 and 1989 over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability. The District did not exercise that option. There was no unpaid liability at the end of the year.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8: PENSION PLANS (CONTINUED)

PENSION, LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2020, the District reported the following liability (asset) for its proportionate share of the net pension liability (asset) for each of the Systems. The net pension liability (asset) was measured as of March 31, 2020 for ERS and June 30, 2019 for TRS. The total pension liability (asset) used to calculate the net position liability (asset) was determined by an actuarial valuation. The District's portion of the net pension liability (asset) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	31-Mar-20	30-Jun-19
Net pension liability (asset)	\$4,914,489	\$ (3,978,610)
District's portion of the Plan's total Net pension liability (asset)	0.0185588%	0.153141%

For the year ended June 30, 2020, the District's recognized pension expense of \$1,783,585 for ERS and the actuarial value \$2,714,653 for TRS. At June 30, 2020 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	\$ 289,238	\$ 2,696,202	\$ -	\$ 295,857
Changes of assumptions	98,955	7,516,127	85,446	1,832,644
Net difference between projected and actual earnings on pension plan investments	2,519,406	-	-	3,190,640
Changes in proportion and differences between the District's contributions and proportionate share of contributions	285,886	85,842	32,884	172,979
District's contributions subsequent to the measurement date	<u>229,878</u>	<u>2,301,278</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,423,363</u>	<u>\$ 12,599,449</u>	<u>\$ 118,330</u>	<u>\$ 5,492,120</u>

See independent auditors' report

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8: PENSION PLANS (CONTINUED)

PENSION, LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2020	\$ -	\$1,785,981
2021	570,200	100,215
2022	786,183	1,779,457
2023	958,951	1,163,275
2024	759,820	115,836
2025	-	-
Thereafter	-	(138,714)

ACTUARIAL ASSUMPTIONS

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Interest rate	6.8%	7.10%
Salary scale	4.2%	1.90%-4.72%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.5%	2.20%

For ERS, annuitant mortality rates based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2018, applied on a generational basis. Active member mortality rates are based on plan member experience.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8: PENSION PLANS (CONTINUED)

PENSION, LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

ACTUARIAL ASSUMPTIONS (Continued)

For ERS, the actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

Measurement date	<u>ERS</u> March 31, 2020		<u>TRS</u> June 30, 2019
Asset Type	%	Asset Type	%
Domestic equities	4.05	Domestic equities	6.3
International equities	6.15	International equities	7.8
Private equities	6.75	Global equities	7.2
Real estate	4.95	Real estate equities	4.6
Absolute return strategies	3.25	Domestic fixed income	1.3
Opportunistic portfolio	4.65	Global fixed income securities	0.9
Real assets	5.95	Private equities	9.9
Bonds and mortgages	0.75	Cash equivalents	0.3
Cash	0.00	Private debt	6.5
Inflation-indexed bonds	0.50	Real estate debt	2.9
		High-yield fixed income securities	3.6

DISCOUNT RATE

The discount rate used to calculate the total pension liability was 6.8% for ERS and 7.10% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

See independent auditors' report

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8: PENSION PLANS (CONTINUED)

PENSION, LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) TO THE DISCOUNT RATE ASSUMPTION

The following presents the District's proportionate share of the net liability (asset) calculated using the discount rate of 6.8% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1- percentage point lower (5.8% of ERS and 6.10% for TRS) or 1-percentage point higher (7.8% for ERS and 8.10% for TRS) than the current rate:

ERS	1% Decrease <u>(5.8%)</u>	Current Assumption <u>(6.8%)</u>	1% Increase <u>(7.8%)</u>
Employer's proportionate share of the net pension (asset) liability	\$9,019,474	\$4,914,489	\$1,133,780
TRS	1% Decrease <u>(6.10%)</u>	Current Assumption <u>(7.10)%</u>	1% Increase <u>(8.10%)</u>
Employer's proportionate share of the net pension (asset) liability	\$17,959,030	\$(3,978,610)	\$(22,381,815)

PENSION PLAN FIDUCIARY POSITION

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

(Dollars in Thousands)

	<u>ERS</u> March 31, 2020	<u>TRS</u> June 30, 2019
Valuation date		
Employers' total pension liability/(asset)	\$194,596,261	\$119,879,474
Plan Net Position	<u>168,115,682</u>	<u>122,477,481</u>
Employers' total pension liability	26,480,579	(2,598,007)
Ratio of plan net position to the Employers' total pension liability	86.39%	102.2%

See independent auditors' report

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8: PENSION PLANS (CONTINUED)

PAYABLES TO THE PENSION PLAN

For ERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$229,878.

For TRS, employer contributions for the fiscal year ended June 30, 2019 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 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, 2020 amounted to \$2,474,309.

NOTE 9: INTER-FUND TRANSACTIONS – GOVERNMENTAL FUNDS

Inter-fund transactions and balances are as follows:

	<u>Inter-fund</u>		<u>Inter-fund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General	\$ 1,015,111	\$ 23,062	\$ 115,880	\$ 1,171,643
Special Aid	-	1,015,094	58,299	150,000
School Food Service	19,154	-	13,344	-
Capital Projects	-	20	1,250,000	236,314
Debt Service	<u>4</u>	<u>-</u>	<u>127,000</u>	<u>6,566</u>
Total government funds	<u>1,034,269</u>	<u>1,038,176</u>	<u>1,564,523</u>	<u>1,564,523</u>
Fiduciary	<u>5,127</u>	<u>1,220</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,039,396</u>	<u>\$ 1,039,396</u>	<u>\$ 1,564,523</u>	<u>\$ 1,564,523</u>

See independent auditors’ report

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9: INTER-FUND TRANSACTIONS – GOVERNMENTAL FUNDS (CONTINUED)

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

The District typically transfers from the General Fund to the Special Aid Fund, to fund the local share of the Section 4408, Summer School Handicapped Program.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All inter-fund payables are expected to be repaid within one year.

NOTE 10: POST-EMPLOYMENT BENEFITS (HEALTH INSURANCE) OBLIGATION PAYABLE

A) General information about the OPEB Plan

Plan description – The District administers a defined benefit OPEB plan that provides OPEB for permanent full-time general and public safety 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.

Funding Policy

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis. During the year ended June 30, 2020 approximately \$6,020,158 was paid on behalf of 554 retirees.

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

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

**NOTE 10: POST-EMPLOYMENT BENEFITS (HEALTH INSURANCE) OBLIGATION PAYABLE
(CONTINUED)**

A) General information about the OPEB Plan (Continued)

Employees Covered by Benefit Terms – At June 30, 2020, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	539
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>689</u>
Total plan members	<u>1,228</u>

B) Net OPEB Liability

The District's total OPEB liability of \$216,228,088 was measured as of July 1, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability at June 30, 2020 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.4 percent
Salary increases	3.5 percent, average, including inflation
Discount rate	3.5 percent
Healthcare cost trend rates	7.0 percent to 3.94 percent over 69 years

The discount rate was based on the 20-year tax-exempt general obligation municipal bond rated AA/Aa (or equivalent) or higher as of the measurement date.

Mortality rates were based on the RPH-2014, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions in regard to rates of decrement are based on tables used by the New York State Teachers' Retirement System and the New York State Employees' State and Local Retirement System.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10: POST-EMPLOYMENT BENEFITS (HEALTH INSURANCE) OBLIGATION PAYABLE (CONTINUED)

C) Changes in the Total OPEB Liability

Balance at July 1, 2018	\$ 206,939,122
<u>Changes for the Year:</u>	
Service cost	7,631,740
Interest	8,196,287
Changes of benefit terms	(1,342,610)
Differences between expected and actual experience	-
Changes in assumptions or other inputs	364,547
Benefit payments	<u>(5,560,998)</u>
Net change in total OPEB liability	<u>9,288,966</u>
Balance at July 1, 2019	<u>\$ 216,228,088</u>

Changes of assumptions and other inputs reflects a change in the discount rate from 3.87 percent on July 1, 2018 to 3.5 percent on July 1, 2019, and the actuarial cost method was changed from Projected Unit Credit to Entry Age Normal – Level of Pay.

Sensitivity of the Total OPEB liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50 percent) or 1 percentage point higher (4.50 percent) than the current discount rate:

	1% Decrease <u>(2.50%)</u>	Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
Total OPEB liability	\$ 254,660,910	\$ 216,228,088	\$ 185,655,520

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 (6.0 percent) or 1 percentage point higher (8.0 percent) than the current healthcare cost trend rate:

	1% Decrease (6.0% Decreasing <u>to 2.94%</u>)	Healthcare Cost Trend Rates (7.0% Decreasing <u>to 3.94%</u>)	1% Increase (8.0% Decreasing <u>to 5.94%</u>)
Total OPEB liability	\$ 180,779,139	\$ 216,228,088	\$ 262,318,848

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10: POST-EMPLOYMENT BENEFITS (HEALTH INSURANCE) OBLIGATION PAYABLE (CONTINUED)

D) OPEB Expense and Deferred Outflows of resources and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of \$154,940. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (19,027,721)
Changes of assumptions or other inputs	296,913	(23,556,913)
Employer Contributions subsequent to the measurement date	<u>5,849,633</u>	<u>-</u>
Total	<u>\$ 6,146,546</u>	<u>\$ (42,584,184)</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>
2021	\$(14,330,477)
2022	(14,330,477)
2023	(10,582,523)
2024	(3,070,171)
2025	26,377
2026 and Thereafter	-

NOTE 11: RISK MANAGEMENT

General

The District is exposed to various risks of loss related to 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 coverages for the past two years.

Consortiums and self-insured plans

The District participates in the Broome-Tioga, Delaware Health Insurance, a non-consortium-risk-retained public entity risk pools for its employee health and accident insurance coverage. The pool is operated for the benefit of seventeen individual governmental units located within the pools geographic area and is considered a self-sustaining risk pool that will provide coverage for its members up to \$1,000,000 per insured event. The pool obtains independent coverage for insured events in excess of the \$1,000,000 limit, and the District has essentially transferred all related risk to the pool. At June 30, 2020, the estimated Incurred But Not Reported (INBR) amount for claims to be paid in 2020/21 is \$1,035,639.

See independent auditors' report

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 12: FUND BALANCES

Portions of fund balances are reserved and not available for current expenses or expenditures, as reported in the Governmental Funds Balance Sheet.

NOTE 13: 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.

NOTE 14: DONOR-RESTRICTED FUNDS

The District administers funds, which are restricted by the donor for the purposes of scholarships.

The value of donor-restricted funds that are available for authorization for expenditure by the District is \$214,329.

The District authorizes expenditures from donor-restricted funds in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

NOTE 15: TAX ABATEMENTS

The County of Broome enters various property tax abatement programs for the purpose of economic development. The School District property tax revenue was reduced by \$74,961. The District received payment in lieu of tax (PILOT) payments totaling \$82,042.

NOTE 16: PRIOR PERIOD ADJUSTMENT

There is a prior period adjustment for receivables from New York State which pertain to prior years, for which no payment date is available. This adjustment has been added to fund balance as it would have been prior years' revenue had the funds been available.

NOTE 17: SUBSEQUENT EVENTS

The District has evaluated events through October 5, 2020, which is the date the financial statements are available to be issued, for possible disclosure and recognition in the financial statements. On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact revenue and the COVID-19 pandemic has created a high degree of uncertainty. Since a large percentage of the District's revenues are obtained through federal and state funding, the District will adjust and update the budget in conjunction with changes to these funding sources. There has been a reduction in state aid thus far and New York State may continue to adjust state aid in the 2020-21 fiscal year. If state revenues are below projections and the federal government does not provide additional aid to the state, then a reduction in aid to school districts may continue. The implications of COVID-19 will be long term; we expect changes to federal and state funding. The extent of these adjustments are unknown at this time.

See independent auditors' report

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN OPEB LIABILITY,
SCHEDULE OF DISTRICT'S CONTRIBUTIONS-NYSLRS,
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
NYSLRS PENSION PLAN,
SCHEDULE OF DISTRICT'S CONTRIBUTIONS-NYSTRS,
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY/(ASSET)-NYSTRS PENSION PLAN,
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE BUDGET
(NON-GAAP BASIS) AND ACTUAL - GENERAL FUND**

AND

SUPPLEMENTARY INFORMATION

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
LAST THREE FISCAL YEARS**

	JUNE 30, 2020		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 7,631,740	\$ 8,735,735	\$ 11,318,591
Interest	8,196,287	8,788,092	7,614,645
Changes of benefit terms	(1,342,610)	-	-
Difference between expected and actual experience	-	(30,252,799)	-
Changes of assumptions	364,547	(13,113,241)	(34,366,830)
Benefit payments	<u>(5,560,998)</u>	<u>(5,193,182)</u>	<u>(4,907,640)</u>
Net change in total OPEB liability	9,288,966	(31,035,395)	(20,341,234)
Total OPEB liability - beginning	<u>206,939,122</u>	<u>237,974,517</u>	<u>258,315,751</u>
Total OPEB liability - ending	<u><u>\$ 216,228,088</u></u>	<u><u>\$ 206,939,122</u></u>	<u><u>\$ 237,974,517</u></u>
Covered payroll	\$ 32,109,215	\$ 30,993,527	\$ 30,609,714
Total OPEB liability as a % of covered payroll	673.41%	667.68%	777.45%

10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
NYSLRS
LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 825,226	\$ 1,217,681	\$ 1,309,618	\$ 1,087,379	\$ 1,066,724	\$ 1,104,311	\$ 919,993	\$ 855,039	\$ 859,430	\$ 865,022
Contributions in relation to the contractually required contribution	825,226	1,217,681	1,309,618	1,087,379	1,066,724	1,104,311	919,993	859,430	865,022	882,755
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered -employee payroll	7,441,628	7,631,412	7,156,345	6,466,581	5,983,363	6,058,968	5,813,840	5,950,697	6,199,537	6,444,928
Contributions as a percentage of covered-employee payroll	11.09%	15.96%	18.30%	16.82%	17.83%	18.23%	15.82%	14.37%	13.86%	13.42%

See paragraph on supplementary schedules included in the independent auditors' report

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
NYSLRS PENSION PLAN
LAST SIX FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of the net pension liability	\$ 638,709	\$ 3,101,118	\$ 1,730,248	\$ 618,827	\$ 1,337,489	\$ 4,914,489
District's proportionate share of the net pension liability	0.0189065%	0.0193213%	0.0184143%	0.0191739%	0.0188769%	0.0185588%
District's covered-employee payroll	\$ 5,983,363	\$ 6,058,968	\$ 5,813,840	\$ 5,950,697	\$ 6,199,537	\$ 6,444,928
Plan fiduciary net position as a percentage of the total pension liability	97.90%	90.70%	94.70%	98.24%	96.27%	86.39%

See paragraph on supplementary schedules included in the independent auditors' report

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
NYSTRS
LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 2,131,691	\$ 2,116,359	\$ 2,622,518	\$ 3,704,574	\$ 3,676,931	\$ 4,000,230	\$ 3,064,399	\$ 2,795,022	\$ 2,436,377	\$ 2,714,653
Contributions in relation to the contractually required contribution	2,131,691	2,116,359	2,622,518	3,704,574	3,676,931	4,000,230	3,064,399	2,795,022	2,436,377	2,714,653
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered -employee payroll	24,729,593	23,798,607	22,760,645	23,365,591	23,536,326	24,049,396	24,533,203	25,729,891	26,486,115	26,766,620
Contributions as a percentage of covered-employee payroll	8.62%	8.89%	11.52%	15.85%	15.62%	16.63%	12.49%	10.86%	9.20%	10.14%

See paragraph on supplementary schedules included in the independent auditors' report

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
NYSTRS PENSION PLAN
LAST SIX FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of the net pension liability (asset)	\$ (17,063,445)	\$ (15,778,879)	\$ 1,604,035	\$ (1,143,902)	\$ (2,759,873)	\$ (3,978,610)
District's proportionate share of the net pension liability (asset)	0.1531810%	0.1519130%	0.1497640%	0.1504940%	0.1526260%	0.1531410%
District's covered-employee payroll	\$ 23,536,326	\$ 24,049,396	\$ 24,533,203	\$ 25,729,891	\$ 26,486,115	\$ 26,766,620
Plan fiduciary net position as a percentage of the total pension liability (asset)	110.46%	111.48%	99.10%	100.66%	101.53%	102.20%

See paragraph on supplementary schedules included in the independent auditors' report

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
REVENUES				
Local Sources				
Real property taxes	\$ 42,034,686	\$ 35,802,161	\$ 35,795,076	\$ (7,085)
Other tax items	152,042	6,384,567	6,384,740	173
Charges for services	107,100	107,100	146,714	39,614
Use of money and property	333,693	333,693	476,130	142,437
Sale of property and compensation for loss	5,700	76,377	93,706	17,329
Miscellaneous	1,083,000	1,093,212	1,608,552	515,340
Total Local Sources	43,716,221	43,797,110	44,504,918	707,808
State sources	39,610,381	39,685,380	39,751,957	66,577
Federal sources	200,000	200,000	185,771	(14,229)
Total Revenues	83,526,602	83,682,490	84,442,646	760,156
OTHER FINANCING SOURCES				
Transfers from other funds	6,566	6,566	115,880	109,314
Appropriated fund balance	1,500,000	2,596,368	-	(2,596,368)
Appropriated reserves	\$ 403,363	758,363	-	(758,363)
Total Revenues and Other Financing Sources	\$ 85,436,531	\$ 87,043,787	\$ 84,558,526	\$ (2,485,261)

Budget basis of accounting:

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Continued on next page

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance With Budgetary Actual And Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 87,416	\$ 97,627	\$ 85,632	\$ 183	\$ 11,812
Central administration	268,610	269,595	266,066	-	3,529
Finance	1,295,148	1,277,897	1,202,472	8,524	66,901
Staff	580,303	628,990	591,557	4,583	32,850
Central services	7,277,636	7,690,643	7,213,199	153,081	324,363
Special items	952,917	948,247	932,661	1,450	14,136
Total General Support	<u>10,462,030</u>	<u>10,912,999</u>	<u>10,291,587</u>	<u>167,821</u>	<u>453,591</u>
Instruction					
Instruction, administration and improvement	2,815,363	2,664,601	2,546,091	14,429	104,081
Teaching - regular school	20,215,817	20,107,894	19,699,776	48,230	359,888
Programs for children with handicapping conditions	12,818,931	12,697,191	12,509,252	7,660	180,279
Occupational education	1,045,577	1,039,393	974,757	500	64,136
Teaching - special school	86,480	129,069	116,973	-	12,096
Instructional media	2,284,379	2,287,489	2,236,420	568	50,501
Pupil services	3,271,841	3,705,805	3,563,397	34,160	108,248
Total Instruction	<u>42,538,388</u>	<u>42,631,442</u>	<u>41,646,666</u>	<u>105,547</u>	<u>879,229</u>
Pupil transportation	1,865,561	2,007,991	1,792,340	9,500	206,151
Employee benefits	22,849,423	22,768,305	22,018,608	-	749,697
Debt service	7,538,050	7,538,050	7,481,685	-	56,365
Total Expenditures	<u>85,253,452</u>	<u>85,858,787</u>	<u>83,230,886</u>	<u>282,868</u>	<u>2,345,033</u>
OTHER FINANCING USES					
Transfers (to)/from other funds	<u>185,000</u>	<u>1,185,000</u>	<u>1,171,643</u>	<u>-</u>	<u>13,357</u>
Total Expenditures and Other Uses	<u>\$ 85,438,452</u>	<u>\$ 87,043,787</u>	<u>84,402,529</u>	<u>\$ 282,868</u>	<u>\$ 2,358,390</u>
Net Change in Fund Balances			155,997		
Fund balance - Beginning			<u>16,680,979</u>		
Fund balance - Ending			<u>\$ 16,836,976</u>		

See paragraph on supplementary schedules included in the independent auditors' report

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET
AND SECTION 1318 OF REAL PROPERTY TAX LIMIT CALCULATION
JUNE 30, 2020**

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$ 85,438,451
Add: Prior year's encumbrances	<u>403,363</u>
Original budget	85,841,814
Budget revision:	
Unanticipated revenues	155,889
Appropriated reserves	<u>1,046,084</u>
Final budget	<u><u>\$ 87,043,787</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-2021 Voter-approved expenditure budget	\$ 87,289,972
Maximum allowed	\$ 3,491,599

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

Unrestricted fund balance:	
Assigned fund balance	\$ 1,782,867
Unassigned fund balance	<u>3,358,557</u>
Total unrestricted fund balance	<u>\$ 5,141,424</u>

Less:

Appropriated fund balance	1,500,000
Encumbrances included in assigned fund balance	<u>282,868</u>
Total adjustments	<u>\$ 1,782,868</u>

General Fund Fund Balance subject to Section 1318 of Real Property Tax Law	<u><u>\$ 3,358,556</u></u>
Actual percentage	3.85%

See paragraph on supplementary schedules included in the independent auditors' report

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
JUNE 30, 2020**

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Proceeds of Obligations	Method of Financing			Transfer to Debt Service Fund	Fund Balance 06/30/20
			Prior Years	Current Year	Total			State Aid	Federal Aid	Local Sources		
Major capital projects:												
GF Johnson 2016 Smart Bonds 03-15-01-06-0-003-007	\$ 124,103	\$ 403,103	\$ 351,181	\$ 24,150	\$ 375,331	\$ 27,772	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (375,331)
GF Johnson 2016 Cap Improv 03-15-01-06-0-003-008	82,767	722,803	1,821,026	-	1,821,026	(1,098,223)	742,000	-	-	-	742,000	(1,079,026)
LW West 2016 Smart Bonds 03-15-01-06-0-004-014	72,323	125,823	104,213	81,254	185,467	(59,644)	-	-	-	-	-	(185,467)
LW West 2016 Cap Improv 03-15-01-06-0-004-015	10,398	276,425	496,661	-	496,661	(220,236)	-	1,030,557	-	-	1,030,557	533,896
CF Johnson 2016 Smart Bonds 03-15-01-06-0-006-016	180,606	328,782	217,037	24,150	241,187	87,595	-	-	-	-	-	(241,187)
CF Johnson 2016 Cap Improv 03-15-01-06-0-006-017	56,264	822,447	1,689,571	-	1,689,571	(867,124)	-	-	-	-	-	(1,689,571)
SR HS 2016 Smart Bonds 03-15-01-06-0-011-035	103,011	383,095	848,027	93,310	941,337	(558,242)	-	14,280	-	-	14,280	(927,057)
SR HS Cap Improv 03-15-01-06-0-011-036	88,144	4,344,937	5,562,692	-	5,562,692	(1,217,755)	-	1,405,265	-	-	1,405,265	(4,157,427)
JF Snapp 2016 Smart Bonds 03-15-01-06-0-012-018	96,736	240,766	159,800	101,932	261,732	(20,966)	-	-	-	3,500,000	3,500,000	3,238,268
TJ Watson 2016 Smart Bonds 03-15-01-06-0-016-015	51,786	383,388	397,606	24,150	421,756	(38,368)	696,000	-	-	-	696,000	274,244
TJ Watson Cap Improv 03-15-01-06-0-016-016	43,184	1,110,493	1,572,444	-	1,572,444	(461,951)	-	-	-	-	-	(1,572,444)
Bus Garage Cap Improv 03-15-01-06-5-021-009	27,384	549,959	669,652	-	669,652	(119,693)	-	-	-	-	-	(669,652)
Bus Garage Cap Improv 03-15-01-06-5-021-010	-	-	9,100	-	9,100	(9,100)	-	-	-	-	-	(9,100)
AG McGuinness 2016 Cap Improv 03-15-01-06-0-017-016	513,359	1,309,361	1,876,501	-	1,876,501	(567,140)	-	-	-	-	-	(1,876,501)
AG McGuinness Smart Bonds 03-15-01-06-0-017-015	67,163	396,190	395,561	24,150	419,711	(23,521)	-	-	-	-	-	(419,711)
District Admin Smart Bonds 03-15-01-06-1-030-005	33,115	74,847	125,835	-	125,835	(50,988)	-	-	-	-	-	(125,835)
District Admin 2016 Cap Improv 03-15-01-06-1-030-006	41,982	409,946	421,751	130	421,881	(11,935)	-	-	-	-	-	(421,881)
2018 Capital Improv. Proj. - DO 03-15-01-06-1-030-007	-	201,128	46,831	187,018	233,849	(32,721)	-	-	-	-	-	(233,849)
2018 Capital Improv. Proj. - GFJ 03-15-01-06-0-003-009	295,934	295,934	208,673	347,689	556,362	(260,428)	85,000	-	-	2,850,000	2,935,000	2,378,638
2018 Capital Improv. Proj. - LWW 03-15-01-06-0-004-015	5,394,769	5,394,769	861,696	4,291,296	5,152,992	241,777	-	-	-	-	-	(5,152,992)
2018 Capital Improv. Proj. - CFJ 03-15-01-06-0-006-018	1,709,860	1,709,860	556,442	379,242	935,684	774,176	-	-	-	-	-	(935,684)
2018 Capital Improv. Proj. - UEHS 03-15-01-06-0-011-038	50,000	591,168	1,566,009	-	1,566,009	(974,841)	-	-	-	-	-	(1,566,009)
2018 Capital Improv. Proj. - UEHS 03-15-01-06-0-011-039	2,245,726	1,704,559	199,289	235,792	435,081	1,269,478	-	-	-	-	-	(435,081)
2018 Capital Improv. Proj. - UEHS 03-15-01-06-0-011-041	215,000	246,211	12,362	96,463	108,825	137,386	-	-	-	-	-	(108,825)
2018 Capital Improv. Proj. - JFS 03-15-01-06-0-012-019	124,805	124,805	90,936	-	90,936	33,869	-	-	-	-	-	(90,936)
2018 Capital Improv. Proj. - JFS PH 2 03-15-01-06-0-012-020	-	14,050	11,048	11,094	22,142	(8,092)	-	-	-	-	-	(22,142)
2018 Capital Imp. Proj. - TJW PH 2 03-15-01-06-0-016-019	837,059	837,059	412,998	249,734	662,732	174,327	-	-	-	-	-	(662,732)
2018 Capital Improv. Proj. - AGM 03-15-01-06-0-017-018	945,442	945,442	574,395	-	574,395	371,047	-	-	-	-	-	(574,395)
2018 Capital Imp. Proj. - AGM PH 2 03-15-01-06-0-017-019	401,000	401,000	362,095	238,134	600,229	(199,229)	-	-	-	-	-	(600,229)
2018 Capital Imp. Proj. - Bus Gar 03-15-01-06-5-021-011	152,965	152,965	239,549	-	239,549	(86,584)	-	-	-	-	-	(239,549)
Major projects (balance forward):	\$ 13,964,885	\$ 24,501,315	\$ 21,860,981	\$ 6,409,688	\$ 28,270,669	\$ (3,769,354)	\$ 1,523,000	\$ 2,450,102	\$ -	\$ 6,350,000	\$ 10,323,102	\$ (17,947,567)

See paragraph on supplementary schedules included in the independent auditors' report

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND (CONTINUED)
JUNE 30, 2020**

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Proceeds of Obligations	Method of Financing			Transfer to Debt Service Fund	Fund Balance 06/30/20	
			Prior Years	Current Year	Total			State Aid	Federal Aid	Local Sources			Total
Major projects (balance brought forward):	\$ 13,964,885	\$ 24,501,315	\$ 21,860,981	\$ 6,409,688	\$ 28,270,669	\$ (3,769,354)	\$ 1,523,000	\$ 2,450,102	\$ -	\$ 6,350,000	\$ 10,323,102	\$ -	\$ (17,947,567)
Non-major capital projects:													
Buses	2,708,000	2,708,000	2,303,000	278,000	2,581,000	127,000	1,067,200	-	-	248,000	1,315,200	127,000	(1,392,800)
03-15-01-06-2-222-002													
2019 Project GJ Elem	366,000	404,203	-	182,617	182,617	221,586	-	-	-	1,000,000	1,000,000	-	817,383
03-15-01-06-0-003-010													
2019 Project GJ Elem Ph2	-	7,251	-	1,851	1,851	5,400	-	-	-	-	-	-	(1,851)
03-15-01-06-0-003-011													
2019 Project LW Elem	314,000	268,391	-	90,075	90,075	178,316	-	-	-	-	-	-	(90,075)
03-15-01-06-0-004-016													
2019 Project LW Elem Ph2	-	108,756	-	27,759	27,759	80,997	-	-	-	-	-	-	(27,759)
03-15-01-06-0-004-017													
2019 Project CFJ Elem	902,000	803,393	-	339,311	339,311	464,082	-	-	-	-	-	-	(339,311)
03-15-01-06-0-006-019													
2019 Project CFJ Elem Ph2	-	101,506	-	25,908	25,908	75,598	-	-	-	-	-	-	(25,908)
03-15-01-06-0-006-020													
2019 Project High School	13,191,000	12,541,213	-	173,430	173,430	12,367,783	-	-	-	-	-	-	(173,430)
03-15-01-06-0-011-043													
2019 Project High School Ph2	-	435,024	-	111,036	111,036	323,988	-	-	-	-	-	-	(111,036)
03-15-01-06-0-011-044													
2019 Project JFS Ph2	-	7,251	-	1,851	1,851	5,400	-	-	-	-	-	-	(1,851)
03-15-01-06-0-012-021													
2019 Project TJW Elem	429,000	458,229	-	138,848	138,848	319,381	-	-	-	-	-	-	(138,848)
03-15-01-06-0-016-020													
2019 Project TJW Elem Ph2	-	29,002	-	7,402	7,402	21,600	-	-	-	-	-	-	(7,402)
03-15-01-06-0-016-021													
2019 Project AGM Elem	205,000	206,527	-	18,675	18,675	187,852	-	-	-	-	-	-	(18,675)
03-15-01-06-0-017-020													
2019 Project AGM Elem Ph2	-	14,501	-	3,701	3,701	10,800	-	-	-	-	-	-	(3,701)
03-15-01-06-0-017-021													
2019 Project Admin Ph2	-	7,251	-	1,850	1,850	5,401	-	-	-	-	-	-	(1,850)
03-15-01-06-1-030-008													
2019 Project Bus Garage Ph2	-	14,501	-	3,701	3,701	10,800	-	-	-	-	-	-	(3,701)
03-15-01-06-5-021-012													
19-20 Project	100,000	100,000	-	100,000	100,000	-	-	-	-	100,000	100,000	-	-
03-15-01-06-0-011-042													
Emergency carbon monoxide project	140,000	140,000	121,572	18,428	140,000	-	-	-	-	140,000	140,000	-	-
03-15-01-06-7-999-002													
JFS Building	29,757,000	31,048,570	29,482,569	123,011	29,605,580	1,442,990	24,175,439	1,392,398	-	4,037,744	29,605,581	-	1
03-15-01-06-0-013													
SR HS Recons	118,603	2,158,693	2,158,693	-	2,158,693	-	975,207	-	-	1,183,486	2,158,693	-	-
03-15-01-06-0-011-033													
SR HS Recons	679,542	732,597	1,065,007	3,829	1,068,836	(336,239)	1,068,836	-	-	-	1,068,836	-	-
03-15-01-06-0-011-034													
JF Snapp Recons	214,600	568,696	568,916	161	569,077	(381)	569,077	-	-	-	569,077	-	-
03-15-01-06-0-012-017													
2009 Improvement Project	1,282,000	1,282,000	1,102,856	29,144	1,132,000	150,000	-	-	-	1,282,000	1,282,000	-	150,000
Flood - 2011	775,145	4,055,053	4,055,053	61,742	4,116,795	(61,742)	-	621,155	2,581,442	914,198	4,116,795	-	-
	<u>51,181,890</u>	<u>58,200,608</u>	<u>40,857,666</u>	<u>1,742,330</u>	<u>42,599,996</u>	<u>15,600,612</u>	<u>27,855,759</u>	<u>2,013,553</u>	<u>2,581,442</u>	<u>8,905,428</u>	<u>41,356,182</u>	<u>127,000</u>	<u>(1,370,814)</u>
Totals	\$ 65,146,775	\$ 82,701,923	\$ 62,718,647	\$ 8,152,018	\$ 70,870,665	\$ 11,831,258	\$ 29,378,759	\$ 4,463,655	\$ 2,581,442	\$ 15,255,428	\$ 51,679,284	\$ 127,000	\$ (19,318,381)

See paragraph on supplementary schedules included in the independent auditors' report

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
COMBINED BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>Debt Service</u>	<u>School Food Service</u>	<u>Special Aid</u>	<u>Non-Major Capital Projects</u>	<u>Total Non-Major Funds</u>
ASSETS					
Cash					
Unrestricted	\$ 2,271,665	\$ 568,505	\$ 27,781	\$ 758,909	\$ 3,626,860
Receivables					
Due from other funds	4	19,154	-	-	19,158
Due from fiduciary funds	-	-	-	-	-
State and Federal aid	-	224,541	1,044,976	-	1,269,517
Other	-	780	-	-	780
Inventories	-	87,722	-	-	87,722
Total Assets	<u>\$ 2,271,669</u>	<u>\$ 900,702</u>	<u>\$ 1,072,757</u>	<u>\$ 758,909</u>	<u>\$ 5,004,037</u>
LIABILITIES					
Payables					
Accounts payable	\$ -	\$ 65,441	\$ 17,445	\$ 736,903	\$ 819,789
Accrued liabilities	-	1,938	2,840	-	4,778
Due to other funds	-	-	1,015,094	20	1,015,114
Due to fiduciary funds	-	-	-	-	-
Due to other governments	-	77	-	-	77
Notes payable					
Bond anticipation notes	-	-	-	1,392,800	1,392,800
Deferred credits					
Unearned	-	27,518	37,378	-	64,896
Total Liabilities	<u>-</u>	<u>94,974</u>	<u>1,072,757</u>	<u>2,129,723</u>	<u>3,297,454</u>
FUND BALANCES					
Nonspendable	-	87,721	-	-	87,721
Restricted	2,271,669	-	-	-	2,271,669
Assigned	-	718,007	-	-	718,007
Unassigned	-	-	-	(1,370,814)	(1,370,814)
Total Fund Balances	<u>2,271,669</u>	<u>805,728</u>	<u>-</u>	<u>(1,370,814)</u>	<u>1,706,583</u>
Total Liabilities and Fund Balances	<u>\$ 2,271,669</u>	<u>\$ 900,702</u>	<u>\$ 1,072,757</u>	<u>\$ 758,909</u>	<u>\$ 5,004,037</u>

See paragraph on supplementary schedules included in the independent auditors' report

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Debt Service	School Food Service	Special Aid	Non-Major Capital Projects	Total Non-Major Funds
Use of money and property	\$ 33,214	\$ 862	\$ -	\$ -	\$ 34,076
Miscellaneous	125,644	146,699	-	-	272,343
State sources	-	29,490	704,207	-	733,697
Federal sources	-	1,915,791	2,547,090	717,976	5,180,857
Local sources	-	-	711,972	-	711,972
Surplus food	-	130,879	-	-	130,879
Sales - school lunch	-	240,950	-	-	240,950
Total Revenues	158,858	2,464,671	3,963,269	717,976	7,304,774
EXPENDITURES					
Instruction	-	-	3,833,492	-	3,833,492
Pupil transportation	-	-	38,076	-	38,076
Employee benefits	-	383,971	-	-	383,971
Debt service					
Principal	-	-	-	-	-
Interest	93,884	-	-	-	93,884
Cost of sales	-	1,736,224	-	-	1,736,224
Capital outlay	-	-	-	1,633,015	1,633,015
Total Expenditures	93,884	2,120,195	3,871,568	1,633,015	7,718,662
Excess (Deficiency) of Revenues Over Expenditures	64,974	344,476	91,701	(915,039)	(413,888)
OTHER FINANCING SOURCES AND USES					
Proceeds from debt	-	-	-	460,600	460,600
Operating transfers in	127,000	13,344	58,299	1,100,000	1,298,643
Operating transfers (out)	(6,566)	-	(150,000)	(236,314)	(392,880)
Total Other Sources (Uses)	120,434	13,344	(91,701)	1,324,286	1,366,363
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Revenues (Uses)	185,408	357,820	-	409,247	952,475
Fund Balances - Beginning of year	2,086,261	447,908	-	(1,780,061)	754,108
Fund Balances - End of Year	<u>\$ 2,271,669</u>	<u>\$ 805,728</u>	<u>\$ -</u>	<u>\$ (1,370,814)</u>	<u>\$ 1,706,583</u>

See paragraph on supplementary schedules in the independent auditors' report

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
FOR THE YEAR ENDED JUNE 30, 2020**

Capital Assets, net		\$ 110,849,376
Deduct:		
Bond Anticipation Notes	19,471,360	
Premium on bonds payable	(125,644)	
Short-term portion of bonds payable	4,700,000	
Long-term portion of bonds payable	18,485,000	
Less: unspent bond proceeds	<u>(1,009,214)</u>	
		<u>41,521,502</u>
Investment in capital assets, net of related debt		<u>\$ 69,327,874</u>

See paragraph on supplementary schedules included in the independent auditors' report

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Entity Identifying Number</i>	<i>Federal Expenditures(\$)</i>
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through NYS Education Department:			
Child Nutrition Cluster			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555		\$ 130,879
Cash Assistance			
School Breakfast Program	10.553		267,937
National School Lunch Program	10.555		598,329
Summer Food Service Program For Children	10.559		<u>1,033,839</u>
Total Child Nutrition Cluster			<u>2,030,984</u>
Fresh Fruit and Vegetable Program	10.582		<u>15,686</u>
Total Department of Agriculture			<u>2,046,670</u>
U.S. DEPARTMENT OF EDUCATION			
Passed Through NYS Education Department:			
Special Education Cluster (IDEA) Cluster			
Special Education - Grants to States (IDEA, Part B)	84.027A	0032-20-0059	1,035,721
Special Education - Preschool Grants (IDEA Preschool)	84.173A	0033-20-0059	<u>31,370</u>
Total Special Education Cluster (IDEA) Cluster			<u>1,067,091</u>
Title I, Part A and Part D			
Title I Grants to Local Educational Agencies	84.010A	0021-19-0185	6,721
Title I Grants to Local Educational Agencies	84.010A	0021-20-0185	1,166,571
Title I Grants to Local Educational Agencies	84.010A	0016-20-0185	352
Title I Grants to Local Educational Agencies	84.010A	0016-19-0185	<u>780</u>
Total Title I, Part A and Part D			<u>1,174,424</u>
Other Programs			
Supporting Effective Instruction State Grants	84.367A	0147-20-0185	166,957
Student Support and Academic Enrichment Grants	84.424A	0204-20-0185	128,256
Student Support and Academic Enrichment Grants	84.424A	0204-19-0185	10,045
Hurricane Education Recovery	84.938C	0080-19-0185	<u>317</u>
Total Other Programs			<u>305,575</u>
Total Department of Education			<u>2,547,090</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through NYS Division of Homeland Security and Emergency Services			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4322-DR-NY	717,976
Total Department of Homeland Security			<u>717,976</u>
Total Expenditures of Federal Awards			<u>\$ 5,311,736</u>

See notes to Schedule of Expenditures of Federal Awards

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1: SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by the District, which is described in Note 1 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 passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Acquisitions 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.

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. Certain of the District's federal award programs have been charged with indirect costs, based upon an established rate applied to overall expenditures. There is no other indirect cost allocation plan in effect.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

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

NOTE 2: SUBRECIPIENTS:

No amounts were provided to subrecipients.

NOTE 3: OTHER DISCLOSURES:

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

Section I - Summary of Independent Auditors' Results

Financial Statements

Type of auditors' report issued on whether
The financial statements were prepared in
accordance with GAAP: unmodified

	<u>Yes</u>	<u>No</u>	
Internal Control over Financial Reporting			
Material weakness identified?	_____	___X	
Significant deficiencies identified?	_____	___X	none reported
Noncompliance material to financial statements noted?	_____	___X	

Federal Awards

Internal control over major programs:

Material weakness identified?	_____	___X	
Significant deficiencies identified?	_____	___X	none reported

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

Any audit findings disclosed that are required
to be reported in accordance with
2 CFR 200.516(a)?

	_____	___X	
--	-------	------	--

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program

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

Auditee qualified as low-risk auditee?	___X	_____	
--	------	-------	--

Section II - Financial Statement Findings: No matters were reported.

Section III - Federal Award Findings and Questioned Costs: No matters were reported.

VIEIRA & ASSOCIATES

CPAs, P.C.

John B. Burtis, CPA*
Scott M. Hotalen, CPA
*Also Licensed in Pennsylvania

Cheryl DiStefano, CPA
Patrick J. Price, CPA, CVA
Nicole R. Mayers, CPA

To the Board of Education
Union-Endicott Central School District
1100 East Main Street
Endicott, New York 13760

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

Independent Auditors' Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union-Endicott Central School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Union-Endicott Central School District's basic financial statements, and have issued our report thereon dated October 5, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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.

Vieira & Associates CPAs, P.C.

October 5, 2020
Endicott, New York

VIEIRA & ASSOCIATES

CPAs, P.C.

John B. Burtis, CPA*
Scott M. Hotalen, CPA
*Also Licensed in Pennsylvania

Cheryl DiStefano, CPA
Patrick J. Price, CPA, CVA
Nicole R. Mayers, CPA

To the Board of Education
Union-Endicott Central School District
1100 East Main Street
Endicott, New York 13760

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Independent Auditor's Report

Report on Compliance for Each Major Federal Program

We have audited Union-Endicott Central School District's compliance with the types of compliance requirements described in the **OMB Compliance Supplement** that could have a direct and material effect on each of Union-Endicott Central School District's major federal programs for the year ended June 30, 2020. Union-Endicott Central 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Union-Endicott Central 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 Acquisitions Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 Union-Endicott Central 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 basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Union-Endicott Central School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Union-Endicott Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Union-Endicott Central 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 Union-Endicott Central 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

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 Union-Endicott Central School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Union-Endicott Central School District's basic financial statements. We issued our report thereon dated October 5, 2020, 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 themselves, and certain additional procedures, including comparing and reconciling directly to the underlying accounting and other records used to prepare the 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.

Vieira & Associates CPAs, P.C.

October 5, 2020
Endicott, New York