

FALLSBURG CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2021

FALLSBURG CENTRAL SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2021

	<u>PAGE</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
District-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	17
Reconciliation of Governmental Funds Balance Sheet To the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances Of Governmental Funds to the Statement of Activities	21
Statement of Fiduciary Net Position – Fiduciary Funds	23
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	24
Notes To The Financial Statements	25
Required Supplementary Information:	
Schedule of Revenues, Other Sources, Expenditures, Other Uses and Changes in Fund Balance Budget To Actual – General Fund	55
Schedule of Changes in the Total OPEB Liability	57
Notes to Required Supplementary Information	58
Schedule of Proportionate Share of the Net Pension Asset/Liability	59
Schedule of Employer's Pension Contributions	60
Supplemental Schedules:	
Combining Balance Sheet – Non-Major Governmental Funds	61
Combining Statement of Revenues, Expenditures and Changes In Fund Balance – Non-Major Governmental Funds	62

FALLSBURG CENTRAL SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2021

	<u>PAGE</u>
Schedule of Change From Adopted Budget to Final Budget	63
Real Property Tax Limit	64
Capital Projects Fund – Schedule of Project Expenditures	65
Net Investment In Capital Assets	66
Single Audit Reports:	
Schedule of Expenditures of Federal Awards	67
Notes To Schedule of Expenditures of Federal Awards	68
Independent Auditors’ Report on Internal Control Over Financial Reporting and On Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	69
Independent Auditors’ Report on Compliance For Each Major Program And Internal Control Over Compliance Required by the Uniform Guidance	71
Schedule of Findings And Questioned Costs	73
Summary Schedule of Prior Audit Findings	74
Reports on Extraclassroom Activities Funds:	
Independent Auditors’ Report	75
Statement of Assets, Liabilities And Fund Balance- Cash Basis	77
Statement of Cash Receipts, Disbursements And Changes In Fund Balance- Cash Basis	78
Notes To The Financial Statements	79

INDEPENDENT AUDITORS' REPORT

To The Board of Education of the
Fallsburg Central School District
Fallsburg, New York

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Unmodified 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 Fallsburg Central School District, New York, as of June 30, 2021, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, on pages 4 through 13 and 55 through 60, 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 consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fallsburg Central School District, New York's financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The prior year summarized comparative information has been derived from the District's June 30, 2020 financial statements and, in our report dated October 13, 2020, we expressed an unmodified opinion on those financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2021 on our consideration of the Fallsburg Central School District, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fallsburg Central School District, New York's internal control over financial reporting and compliance.

A handwritten signature in dark ink, appearing to read "Cooper Quinn LLP", is positioned above the typed name and date.

Mongaup Valley, New York
October 13, 2021

**FALLSBURG CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

As management of the Fallsburg Central School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. The discussion and analysis of the financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to review the District's financial performance as a whole; readers should also review the financial statements, notes to the financial statements and related audit information to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- The beginning unrestricted cash for the District was \$3,949,079. The ending unrestricted cash for the District was \$5,744,050. The increase in cash is due to normal fluctuations of the business cycle.
- The beginning unassigned fund balance in the general fund was \$1,344,597. The ending unassigned fund balance in the general fund was \$2,380,014. The increase was mainly due to unexpended appropriations due to COVID-19 remote instruction.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements composed of the Statement of Net Position and Statement of Activities are designed to provide information about the District's finances as a whole. The statements include all assets and revenues and expenditures and are presented on the accrual basis of accounting that is similar to the method used in private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other non-financial factors that are indicators include changes in enrollment, the property tax base, and the conditions of school buildings and other facilities within the District.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt is also supported by taxes and intergovernmental revenues. The business type activities of the District include the Food Service and Day Care operations. These activities operate on a fee for goods or services provided.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all New York public school districts. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Major Features of the District-Wide and Fund Financial Statements			
		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The Statement of Net Position provides a summary of all the assets and liabilities in the District, governmental and business-type. Net position for the year ended June 30, 2021 was \$(70,057,071) a decrease of \$15,559,628 from the balance of \$(54,497,443) for the year ended June 30, 2020. The decrease is primarily due to the recognition of the district's entire estimated Other Post Retirement Benefit.

The following schedule is a summary of the District's net position for the years ended June 30, 2021 and 2020:

COMPARATIVE STATEMENT OF NET POSITION

	JUNE 30, 2021	JUNE 30, 2020
Assets:		
Current Assets	\$18,882,053	\$21,678,621
Non-Current Assets	37,323,487	36,228,778
Total Assets	56,205,540	57,907,399
Total Deferred Outflows Of Resources	63,356,544	57,741,367
Liabilities:		
Current Liabilities	5,118,896	20,348,618
Non-Current Liabilities	177,862,767	143,309,707
Total Liabilities	182,981,663	163,658,325
Total Deferred Inflows Of Resources	6,637,492	6,487,884

COMPARATIVE STATEMENT OF NET POSITION (Continued)

	JUNE 30, 2021	JUNE 30, 2020
Net Position:		
Net Investment In Capital Assets	18,087,015	17,885,479
Restricted	7,082,176	6,463,733
Unrestricted	(95,226,262)	(78,846,655)
Total Net Position	(70,057,071)	(54,497,443)

Changes in Net Position

	JUNE 30, 2021	JUNE 30, 2020
Revenues:		
Program Revenues:		
Charges For Services	57,085	80,900
Operating Grants And Contributions	4,740,250	3,981,555
General Revenues:		
Property Taxes And Tax Items	19,831,417	19,891,076
Sale Of Property	0	750
Interest	40,583	38,467
Miscellaneous Sources	900,245	1,020,338
State Aid	22,065,927	22,349,250
Federal Aid	43,297	92,853
Total Revenues	47,678,804	47,455,189
Expenses:		
General Support	5,958,293	5,563,126
Instruction	51,083,135	46,810,659
Pupil Transportation	4,782,084	3,304,444
Community Services	91,648	94,374
Debt Service	285,519	295,449
School Lunch Program	1,148,930	1,210,594
Total Expenses	63,349,609	57,278,646

Changes in Net Position

(Continued)

	JUNE 30, 2021	JUNE 30, 2020
Decrease In Net Position	(15,670,805)	(9,823,457)
Net Position Beginning (Restated)	(54,386,266)	(44,673,986)
Net Position Ending	(70,057,071)	(54,497,443)

GOVERNMENTAL FUND FINANCIAL ANALYSIS

The governmental funds of the District reported combined fund balances at June 30, 2021 of \$13,781,093, which is \$12,441,720 more than the June 30, 2020 ending fund balance of \$1,339,373.

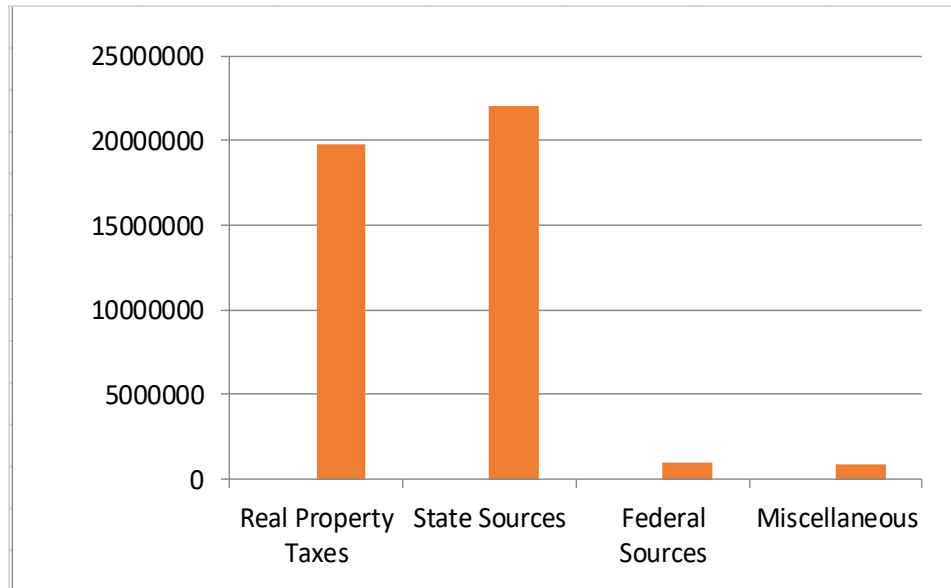
General Fund Revenue/Expenditures

The General Fund had total revenues of \$43,826,072, which primarily consisted of real property taxes and other tax items, state aid payments, federal aid payments and the refund of the previous year's BOCES expenditures. Excluding interfund transfers of \$1,096,477, the General Fund expenditures were \$42,286,692. Revenues increased by \$429,881 and expenditures increased by \$2,020,320 over the year ending June 30, 2020. Revenues were increased by the District's federal CARES Act allocation. Expenditures increased in the areas of transportation, cleaning and maintenance supplies, and salaries and benefits for staff.

The General Fund had an increase in fund balance of \$442,903. The District has been budgeting and spending conservatively over the past few years based on economic conditions and needs of the District. In the 2020-2021 school year, the District received additional state and federal aid which increased revenues. The General Fund has a total of \$6,463,990 restricted for future expenditures, which is made up of \$39,535 restricted for tax certiorari payments; \$104,860 restricted for unemployment insurance; \$270,907 for future employee benefit accrued liabilities; \$601,523 restricted for workers' compensation expenses; \$430,541 restricted for repairs; and \$5,016,624 restricted for a future capital project at June 30, 2021. In addition, the District has encumbered \$890,545 in budgeted expenses that will be rolled over to the 2021-2022 fiscal year.

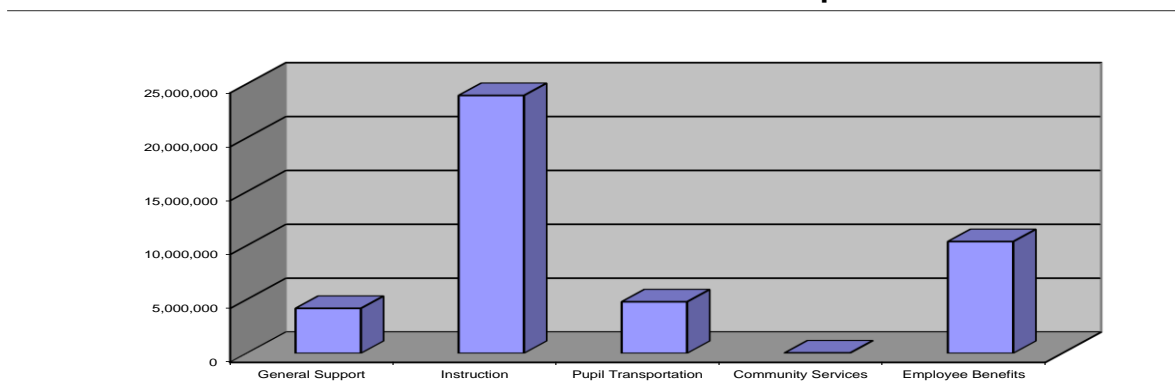
The following charts present a summary of General Fund revenues (Chart 1) and expenses (Chart 2) for the fiscal year ended June 30, 2021

Chart 1: General Fund Actual Revenues



The majority of revenue was derived from Real Property Taxes (45%), State Aid (50%), and Federal Aid (2%). The remaining 3% was derived from local sources including interest earnings and other miscellaneous sources.

Chart 2: General Fund Actual Expenditures



Instructional costs are (54%) of the General Fund expenditures, exclusive of interfund transfers. These costs include instructional staff salaries, contractual costs and materials. Also included are expenditures for attendance, guidance counselor, health, psychological testing, speech, and hearing and vision services. The general support (10%) includes tax collection fees, superintendent, principals, secretaries, and bookkeepers and staff salaries, and office expenditures. Also included are plant operations and maintenance cost including staff salaries, utilities, property insurance, building and equipment maintenance, and

supplies. Employee benefits (25%) include retirement contributions, Social Security and Medicare contributions, health, dental, and disability insurance payments. Student transportation (11%) costs which include contractual cost for transporting students to and from school, field trips, sporting events, and late buses. Community services represent less than 1% of expenditures and include the school to work program, community program development, and the childcare program.

Special Aid Fund Revenue/Expenditures

The majority of revenues were derived from federal sources, and the majority of expenditures were spent on instructional costs.

Food Service Revenue/Expenditures

The majority of the revenues are from federal sources (94%), state sources (5%), and miscellaneous sources (1%). The decrease in food sales and increase in federal and state sources is due to the district participating in the Community Eligibility Provision, where every student is provided breakfast and lunch without cost and the long-term closure of school due to COVID-19. The expenditures in this fund include staff salaries and benefits, supplies, and food costs. The fund balance at June 30, 2021 was \$797,168, an increase of \$218,267 from the previous year. The increase is due to additional revenue from the Community Eligibility Provision.

Capital Projects Fund Revenue/Expenditures

This fund is used for building projects at the Benjamin Cosor Elementary School and the Jr/Sr High School. The District received \$15,290,000 from the proceeds of long-term debt. During the year ended June 30, 2021, \$4,143,345 was expended on capital construction for the project that was approved in May 2017. The fund balance at June 30, 2021 was \$959,777, an increase in fund balance of \$11,354,926 from the previous year.

Non-Major Fund Revenue/Expenditures

Non-Major Funds are aggregated and reported in a single column. Funds are transferred from other funds and expended for specific purposes.

BUDGETARY IMPLICATIONS

The New York State public school fiscal year is July 1-June 30; other programs, i.e. some federal, operate on a different fiscal calendar, but are reflected in the District's overall financial statements

General Fund Budget

During the fiscal year, the Board of Education authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year, and is permitted by state law. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in the audited financial statements.

The District applies for federal, state, and local grants and these grants cannot always be anticipated in the budgeting process. Budgeted expenditures and other financing uses also increased by this same amount to compensate for the additional approved grants. Transfers between specific categories of expenditures/financing uses occur during the year to recognize changes in priorities since the original adoption of the budget.

Capital Assets

At the end of fiscal year 2021, the District had \$58,783,820 invested in land, buildings, machinery and equipment and vehicles, net of \$21,460,333 in accumulated depreciation.

Capital Assets (Net of Depreciation)

	June 30, 2021	June 30,2020
Land	84,490	84,490
Construction in Progress	0	10,932,597
Building and Improvements	36,860,684	22,486,000
Machinery and Equipment	327,166	315,593
Vehicles	51,147	38,648
Total	37,323,487	33,857,328

Long Term Debt

At June 30, 2021, the School District had \$175,340,688 of outstanding long-term debt.

Outstanding Debt

	June 20, 2021	June 30, 2020
Serial Bonds	19,205,000	4,580,000
Unamortized Bond Premium	482,424	14,825
Energy Performance Contract	869,588	996,700
Compensated Absences	425,652	339,355
Total OPEB Liability	154,358,024	135,118,344
Total	175,340,688	141,049,224

ECONOMIC FACTORS AND FUTURE BUDGETS

The District's management is cautious about the financial future of the District. The current financial slowdown due to the COVID-19 Pandemic could have a serious effect on New York State's ability to raise revenues and could affect the district's state aid payments. The District has received federal CARES Act funding and will receive ESSER Funds in the future to ameliorate any reduction in state funding. The enactment of the State Aid cap and the Property Tax Levy cap has restricted the ability of the District to increase revenues. Currently, the District has sufficient reserves to continue to operate without a dramatic impact on the educational programs for its students in the near-term future. The reserves, however, are a finite source of revenue; once they are expended, the District will have to make significant reductions in the educational programs.

New York State instituted a State Aid cap where increases in State Aid paid to school districts will be limited to the lesser of the growth in personal income or 4%. Additionally, New York State enacted a Tax Levy cap where local governments, including school districts, will have limited abilities to increase the amount levied for real property taxes. For school districts, any increase in the tax levy over the State mandated Tax Cap would have to be approved by a super-majority, a 60% margin, in an election.

The District will attempt to contain expenditures within its control; however, the majority of the costs in running the District, i.e. energy costs, transportation, insurance, employee benefits, and contractual amounts, are beyond the control of District administration.

FINANCIAL CONTACT INFORMATION

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to demonstrate the School Board's accountability for the funding it receives. Questions regarding this report should be directed to Ivan J. Katz, Ed. D. Superintendent of Schools (845) 434-5884 or by mail at Fallsburg Central School District, P.O. Box 124, Fallsburg, NY 12733.

FALLSBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash	\$ 5,744,050	\$ 3,949,079
Cash - Restricted	7,082,176	12,802,202
Accounts Receivable	1,024	4,172
Due From Fiduciary Funds	-	97,220
State and Federal Aid Receivable	5,205,593	3,580,584
Due From Other Governments	823,830	1,207,675
Inventory	<u>25,380</u>	<u>37,689</u>
Total Current Assets	<u>18,882,053</u>	<u>21,678,621</u>
Non-Current Assets:		
Net Pension Asset	-	2,371,450
Capital Assets, net	<u>37,323,487</u>	<u>33,857,328</u>
Total Non-Current Assets	<u>37,323,487</u>	<u>36,228,778</u>
TOTAL ASSETS	<u>56,205,540</u>	<u>57,907,399</u>
DEFERRED OUTFLOW OF RESOURCES		
Pensions	10,486,958	9,064,451
OPEB Liability	<u>52,869,586</u>	<u>48,676,916</u>
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>63,356,544</u>	<u>57,741,367</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

(Continued)

	<u>2021</u>	<u>2020</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 1,283,868	\$ 1,782,444
Accrued Liabilities	440,871	285,118
Bond Anticipation Notes	-	15,783,934
Due To Other Governments	1,709,856	853,262
Due To TRS	1,590,229	1,546,600
Due To ERS	84,421	91,255
Unearned Revenues	<u>9,651</u>	<u>6,005</u>
Total Current Liabilities	<u>5,118,896</u>	<u>20,348,618</u>
LIABILITIES		
Non-Current Liabilities		
Due Within One Year:		
Serial Bonds	2,020,000	665,000
Unamortized Bond Premium	33,700	13,177
Energy Performance Contract	132,506	127,112
Total OPEB Liability	3,200,000	3,300,000
Due Beyond One Year:		
Serial Bonds	17,185,000	3,915,000
Unamortized Bond Premium	448,724	1,648
Energy Performance Contract	737,082	869,588
Total OPEB Liability	151,158,024	131,818,344
Compensated Absences	425,652	339,355
Net Pension Liability	<u>2,522,079</u>	<u>2,260,483</u>
Total Non-Current Liabilities	<u>177,862,767</u>	<u>143,309,707</u>
TOTAL LIABILITIES	<u>182,981,663</u>	<u>163,658,325</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	4,054,326	3,426,621
OPEB Liability	<u>2,583,166</u>	<u>3,061,263</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,637,492</u>	<u>6,487,884</u>
NET POSITION		
Net Investment in Capital Assets	18,087,015	17,885,479
Restricted	6,477,399	6,463,733
Unrestricted	<u>(94,621,485)</u>	<u>(78,846,655)</u>
TOTAL NET POSITION	<u>\$ (70,057,071)</u>	<u>\$ (54,497,443)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE NET FIGURES FOR THE YEAR ENDED JUNE 30, 2020)

	<u>PROGRAM REVENUES</u>				<u>NET (EXPENSE)</u> <u>REVENUE AND</u> <u>CHANGE IN NET</u> <u>POSITION</u>	<u>2020</u>
	<u>EXPENSES</u>	<u>CHARGES FOR</u> <u>SERVICES</u>	<u>OPERATING</u> <u>GRANTS AND</u> <u>CONTRIBUTIONS</u>	<u>CAPITAL</u> <u>GRANTS AND</u> <u>DONATIONS</u>		
FUNCTIONS/PROGRAMS						
General Support	\$ 5,958,293	\$ -	\$ -	\$ -	\$ (5,958,293)	\$ (5,559,242)
Instruction	51,083,135	56,391	3,619,240	-	(47,407,504)	(43,935,741)
Pupil Transportation	4,782,084	-	-	-	(4,782,084)	(3,202,709)
Community Service	91,648	-	-	-	(91,648)	(94,374)
Debt Service	285,519	-	-	-	(285,519)	(295,449)
School Lunch Program	1,148,930	694	1,121,010	-	(27,226)	(128,676)
TOTAL FUNCTIONS/PROGRAMS	<u>63,349,609</u>	<u>57,085</u>	<u>4,740,250</u>	<u>-</u>	<u>(58,552,274)</u>	<u>(53,216,191)</u>
GENERAL REVENUES						
Real Property Tax					18,690,880	18,689,376
Other Tax Items					1,140,537	1,201,700
Investment Earnings					40,583	38,467
Sale Of Property and Compensation For Loss					-	750
Miscellaneous Local Sources					900,245	1,020,338
State Sources					22,065,927	22,349,250
Federal Sources					43,297	92,853
TOTAL GENERAL REVENUES					<u>42,881,469</u>	<u>43,392,734</u>
CHANGE IN NET POSITION					(15,670,805)	(9,823,457)
TOTAL NET POSITION- Beginning of Year (Restated)					<u>(54,386,266)</u>	<u>(44,673,986)</u>
TOTAL NET POSITION- End of Year					<u>\$ (70,057,071)</u>	<u>\$ (54,497,443)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)

	<u>GENERAL</u>	<u>SPECIAL AID</u>	<u>SCHOOL LUNCH</u>	<u>CAPITAL PROJECTS</u>	<u>NON-MAJOR</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>	<u>2020 TOTALS</u>
ASSETS							
Cash	\$ 4,325,518	\$ 27,761	\$ 631,246	\$ -	\$ 759,525	\$ 5,744,050	\$ 3,949,079
Cash - Restricted	6,463,990	-	-	604,777	13,409	7,082,176	12,802,202
Accounts Receivable	879	-	145	-	-	1,024	4,172
Due From Other Funds	3,522,241	-	-	355,000	-	3,877,241	3,038,129
Due From State and Federal	1,535,786	3,501,002	168,805	-	-	5,205,593	3,580,584
Due From Other Governments	800,732	-	23,098	-	-	823,830	1,207,675
Inventories	-	-	25,380	-	-	25,380	37,689
TOTAL ASSETS	<u>\$ 16,649,146</u>	<u>\$ 3,528,763</u>	<u>\$ 848,674</u>	<u>\$ 959,777</u>	<u>\$ 772,934</u>	<u>\$ 22,759,294</u>	<u>\$ 24,619,530</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 1,240,361	\$ 39,038	\$ 4,469	\$ -	\$ -	\$ 1,283,868	\$ 1,782,444
Accrued Liabilities	417,958	-	4,977	-	-	422,935	275,748
Bond Anticipation Notes	-	-	-	-	-	-	15,783,934
Due To Other Funds	365,663	3,481,972	29,606	-	-	3,877,241	2,940,909
Due To Other Governments	1,699,300	-	10,556	-	-	1,709,856	853,262
Due To Teachers' Retirement System	1,590,229	-	-	-	-	1,590,229	1,546,600
Due To Employees' Retirement System	84,421	-	-	-	-	84,421	91,255
Unearned Revenues	-	7,753	1,898	-	-	9,651	6,005
TOTAL LIABILITIES	<u>5,397,932</u>	<u>3,528,763</u>	<u>51,506</u>	<u>-</u>	<u>-</u>	<u>8,978,201</u>	<u>23,280,157</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)

	<u>GENERAL</u>	<u>SPECIAL AID</u>	<u>SCHOOL LUNCH</u>	<u>CAPITAL PROJECTS</u>	<u>NON-MAJOR</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>	<u>2020 TOTALS</u>
FUND BALANCES							
Non-spendable:							
Inventory	\$ -	\$ -	\$ 25,380	\$ -	\$ -	\$ 25,380	\$ 37,689
Restricted:							
Tax Certiorari	39,535	-	-	-	-	39,535	39,582
Unemployment Insurance	104,860	-	-	-	-	104,860	104,580
Employee Benefit Accrued Liability	270,907	-	-	-	-	270,907	270,183
Workers Compensation	601,523	-	-	-	-	601,523	599,915
Repairs	430,541	-	-	-	-	430,541	437,209
Capital	5,016,624	-	-	-	-	5,016,624	5,011,264
Capital Projects	-	-	-	838,116	-	838,116	-
Reserve for Scholarships	-	-	-	-	13,409	13,409	-
Assigned:							
Encumbrances	890,545	-	-	-	-	890,545	1,233,212
Appropriated	1,516,665	-	-	-	-	1,516,665	1,767,769
Unappropriated	-	-	771,788	121,661	759,525	1,652,974	888,522
Unassigned	<u>2,380,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,380,014</u>	<u>(9,050,552)</u>
TOTAL FUND BALANCES	<u>11,251,214</u>	<u>-</u>	<u>797,168</u>	<u>959,777</u>	<u>772,934</u>	<u>13,781,093</u>	<u>1,339,373</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 16,649,146</u>	<u>\$ 3,528,763</u>	<u>\$ 848,674</u>	<u>\$ 959,777</u>	<u>\$ 772,934</u>	<u>\$ 22,759,294</u>	<u>\$ 24,619,530</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)

	<u>2021</u>	<u>2020</u>
Total Governmental Fund Balances	\$ 13,781,093	\$ 1,339,373
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets and accumulated depreciation at June 30, 2021 are \$58,783,820 and \$21,460,333, respectively.	37,323,487	33,857,328
Proportionate share of long-term asset and liability associated with participation in State Retirement Systems are not current financial resources or obligations and are not reported in the governmental funds.		
Deferred Outflows of Resources	10,486,958	
Net Pension Liability	(2,522,079)	
Deferred Inflows of Resources	<u>(4,054,326)</u>	5,748,797
The long-term asset and liability associated with the Total OPEB Liability are not current financial resources or obligations and are not reported in the governmental funds.		
Deferred Outflows of Resources	52,869,586	
Deferred Inflows of Resources	(2,583,166)	
Total OPEB Liability	<u>(154,358,024)</u>	(89,502,691)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds Payable	(19,205,000)	
Unamortized Bond Premium	(482,424)	
Energy Performance Contract	(869,588)	
Compensated Absences	<u>(425,652)</u>	(5,930,880)
Accrued interest on debt is reported in the statement of net position, regardless of when due. In the governmental funds, interest is not reported until it is due.	<u>(17,936)</u>	<u>(9,370)</u>
Net Position of Governmental Activities	<u>\$ (70,057,071)</u>	<u>\$ (54,497,443)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	NON-MAJOR	TOTAL GOVERNMENTAL FUNDS	2020 TOTALS
REVENUES							
Real Property Taxes	\$ 18,690,880	\$ -	\$ -	\$ -	\$ -	\$ 18,690,880	\$ 18,689,376
Other Tax Items	1,140,537	-	-	-	-	1,140,537	1,201,700
Charges For Services	56,391	-	-	-	-	56,391	62,405
Use of Money and Property	39,746	-	788	-	49	40,583	42,351
Sale of Property and Compensation For Loss	-	-	-	-	-	-	750
Miscellaneous Local Sources	816,258	5,740	1,304	63,271	26,959	913,532	1,033,619
Interfund Revenues	-	-	-	-	-	-	4,714
State Sources	22,065,927	810,596	59,440	-	-	22,935,963	23,457,308
Federal Sources	1,016,333	1,822,318	1,061,572	-	-	3,900,223	2,953,069
Sales	-	-	694	-	-	694	14,611
TOTAL REVENUES	43,826,072	2,638,654	1,123,798	63,271	27,008	47,678,803	47,459,903
OTHER FINANCING SOURCES							
Premium on Obligations	-	-	-	-	480,776	480,776	-
Operating Transfers In	-	26,636	-	145,000	924,841	1,096,477	2,835,534
Proceeds of Long-Term Debt	-	-	-	15,290,000	-	15,290,000	-
BANs Redeemed from Appropriations	-	-	-	-	-	-	210,000
TOTAL REVENUES AND OTHER FINANCING SOURCES	43,826,072	2,665,290	1,123,798	15,498,271	1,432,625	64,546,056	50,505,437
EXPENDITURES							
General Support	4,172,510	-	-	-	-	4,172,510	3,728,119
Instruction	22,924,205	2,374,945	-	-	35,936	25,335,086	24,951,313
Pupil Transportation	4,782,083	-	-	-	-	4,782,083	3,304,444
Community Services	38,163	-	-	-	-	38,163	39,704
Employee Benefits	10,369,731	290,345	126,126	-	-	10,786,202	11,384,161
Debt Service:							
Principal	-	-	-	-	792,112	792,112	976,937
Interest	-	-	-	-	290,130	290,130	312,429
Cost of Sales	-	-	779,405	-	-	779,405	862,958
Capital Outlay	-	-	-	4,143,345	-	4,143,345	9,321,430
TOTAL EXPENDITURES	42,286,692	2,665,290	905,531	4,143,345	1,118,178	51,119,036	54,881,495
OTHER USES							
Operating Transfers Out	1,096,477	-	-	-	-	1,096,477	2,835,534
TOTAL EXPENDITURES AND OTHER USES	43,383,169	2,665,290	905,531	4,143,345	1,118,178	52,215,513	57,717,029
NET CHANGE IN FUND BALANCE	442,903	-	218,267	11,354,926	314,447	12,330,543	(7,211,592)
FUND BALANCE - Beginning of Year (Restated)	10,808,311	-	578,901	(10,395,149)	458,487	1,450,550	8,550,965
FUND BALANCE - End of Year	\$ 11,251,214	\$ -	\$ 797,168	\$ 959,777	\$ 772,934	\$ 13,781,093	\$ 1,339,373

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	<u>2021</u>	<u>2020</u>
Total Net Change in Fund Balances – Governmental Funds	\$ 12,330,543	\$ (7,211,592)

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

Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.

Depreciation Expenses	(794,034)		
Capital Outlay	<u>4,260,193</u>	3,466,159	8,632,335

Repayments of principal on long term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Bonds	665,000		
Energy Performance Contract	<u>127,112</u>	792,112	766,936

In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).

Compensated Absences		(86,297)	(38,301)
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(Increases) decreases in proportionate share of net pension asset/liability reported in the statement of activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.

Teachers' Retirement System	(1,974,002)		
Employees' Retirement System	<u>134,758</u>	(1,838,244)	(2,011,639)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

(Continued)

		<u>2021</u>	<u>2020</u>
In the governmental funds, proceeds of long-term debt are reported as revenues. In the statement of activities, the proceeds simply increase the liability.			
Bonds		\$ (15,290,000)	\$ -
(Increases) decreases in the total OPEB liability reported in the statement of activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.			
Total OPEB Liability		(14,568,913)	(9,938,204)
In the governmental funds, the total amount received for the sale of assets is reported as revenue. In the statement of activities, the revenues are reduced by the net book value of the asset being sold.		-	(39,973)
Bond premiums are reported in the governmental funds as revenues in the year received. However, in the statement of activities, the premium is added to the outstanding debt and amortized as a reduction of interest expense over the life of the bond.			
Amortization Expense	13,177		
Bond Premium	<u>(480,776)</u>	(467,599)	13,177
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.			
Current Year Accrued Interest	(17,936)		
Prior Year Accrued Interest	<u>9,370</u>	<u>(8,566)</u>	<u>3,804</u>
Change in Net Position of Governmental Activities		<u>\$ (15,670,805)</u>	<u>\$ (9,823,457)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	CUSTODIAL <u>FUND</u>
ASSETS	
Cash	\$ <u> -</u>
TOTAL ASSETS	<u> -</u>
NET POSITION	
Restricted for Individuals, Organizations or Other Governments	<u> -</u>
TOTAL NET POSITION	<u><u> -</u></u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2021

	CUSTODIAL <u>FUND</u>
ADDITIONS	
Taxes Collected For Other Governments	\$ 421,184
TOTAL ADDITIONS	<u>421,184</u>
DEDUCTIONS	
Taxes Paid To Other Governments	<u>421,184</u>
TOTAL DEDUCTIONS	<u>421,184</u>
Change in Net Position	-
NET POSITION - Beginning Of Year	<u>-</u>
NET POSITION - End Of Year	<u><u>\$ -</u></u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

The Fallsburg Central School District is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Education. The scope of activities included within the accompanying financial statements are those transactions which comprise School District operations, and are governed by, or significantly influenced by, the Board of Education.

Essentially, the primary function of the School District is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

The financial reporting entity includes all funds, account groups, functions and organizations over which the School District officials exercise oversight responsibility. Oversight responsibility is determined on the basis of the financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

1. Included in the Reporting Entity

Based on the foregoing criteria and the significant factors presented below, the following organizations, functions or activities are included in the reporting entity:

a. The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the Fallsburg Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions, and the designation of student management. The cash balances are reported in the Agency Fund of the School District. Separate audited general purpose financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the School District's business office.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Joint Venture

The Fallsburg Central School District is one of the eight component school districts in the Sullivan County Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of School Districts in a geographic area that share planning, services, and programs which provide educational and support activities.

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

A BOCES budget is comprised of separate budgets for administrative, program and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school district's enrollment as defined in Education Law Section 1950(4)(b)(7).

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

C. Basis of Presentation

1. 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 nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with 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 operation or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund financial statements

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

a. General Fund

The General Fund is the principal operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

b. Special Revenue Fund

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

1. Special Aid Fund – used to account for special operating projects or programs supported in whole, or in part, with federal funds or state or local grants.
2. School Lunch Fund – used to account for transactions of the School District lunch, breakfast, and milk programs.

c. Capital Projects Fund

The Capital Projects Fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports the following non-major governmental funds:

a. *Debt Service Fund*

The Debt Service Fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

b. *Miscellaneous Special Revenue Fund*

This fund is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

D. **Basis of Accounting/Measurement Focus**

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, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The 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 one year after the end of the fiscal year.

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

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. **Property Taxes**

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1st, and became a lien on September 1st. Taxes are collected during the period commencing September 1st and ending November 13th.

2. Enforcement

Uncollected real property taxes are subsequently enforced by the Counties of Sullivan and Ulster. An amount representing uncollected real property taxes transmitted to the Counties for enforcement is paid by the Counties to the School District no later than the forthcoming April 1st.

F. **Budgetary Procedures And Budgetary Accounting**

1. **Budget Policies**

The budget policies are as follows:

- a. The School District administration prepares a proposed budget for approval by the Board of Education for the following governmental fund types:

I. General Fund

- b. The proposed appropriation budget for the General Fund is approved by the voters within the District.
- c. Appropriations are adopted at the program level.
- d. Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. There were no supplemental appropriations occurred during the year.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Encumbrances

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

3. Budget Basis of Accounting

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

G. Cash and Cash Equivalents

For financial statement purposes, the District considers all highly liquid investments of three months or less as cash equivalents.

H. Inventory

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

I. 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 be immaterial.

J. Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by the District is \$5,000.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>ASSET CLASS</u>	<u>ESTIMATED USEFUL LIVES</u>
School Buildings	50
Site Improvements	20
Furniture & Equipment	5-20

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

K. Unearned Revenue

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

L. Vested Employee Benefits

The 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. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB Statement 16, Accounting for Compensated Absences, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated on the pay rates in effect at year-end.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year, in accordance with GAAP. For the governmental funds, in the fund financial statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System. In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the District's employees may become eligible for these benefits if they reach 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 in the fund financial statements by recording its share of insurance premiums as an expenditure in the year paid. In the District-wide statements, the liability is reported at actuarially calculated amounts (See Note 11).

M. Interfund Activity

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these Notes.

N. Equity Classifications

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 improvement of those assets.

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

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

Order of Use of Net Position:

When an expense is incurred for which both restricted and unrestricted resources are available, the Board will assess the current financial condition of the District and determine which classification of net position will be charged.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$25,380.

Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Tax Certiorari

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

Unemployment Insurance

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. This reserve is accounted for in the General Fund.

Employee Benefit Accrued Liability

Used to reserve funds for the payment of any accrued employee benefit due to an employee upon termination. The reserve is established by a majority vote of the Board of Education and is funded by budgetary appropriations and such other funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Workers' Compensation

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

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital

Used to pay the cost of any object or purpose for which bonds may be issued. Voter authorization is required for both establishment of the reserve and payments from the reserve. This reserve is accounted for in the General Fund.

Repair

Used to pay the cost of repairs to capital improvements or equipment. The Board of Education may establish the reserve by majority vote. Voter approval is required to fund the reserve and expenditures may only be made after a public hearing. This reserve is accounted for in the General Fund.

Scholarships

Used to pay scholarships with funds stipulated by donors for that purpose. This reserve is accounted for in the Miscellaneous Special Revenue Fund.

Capital Projects

Proceeds of debt that are restricted for use per the specifics of the debt issue. This reserve is accounted for in the Capital Projects Fund.

Committed – includes amounts that can only be used for a specific purpose pursuant to constraints imposed by formal action of the District's highest level of decision making authority before the end of the fiscal year, and requires the same level of formal action to remove the constraint. The Board of Education is the decision making authority that can, by resolution prior to the end of the fiscal year, commit fund balance. The District has no committed fund balances as of June 30, 2021.

Assigned – includes amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision making authority, or by their designated official. The purpose of the assignment 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 generally includes encumbrances in the General Fund and appropriated fund balance. The Board of Education is the decision making authority that can, by resolution, assign fund balance. The District reported encumbrances of \$890,545 as assigned fund balance in the General Fund as of June 30, 2021.

Unassigned – represents the residual classification for the General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the district's General Fund budget 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 and encumbrances are also excluded from the 4% limitation.

Order of Use of Fund Balance:

When resources are available from multiple fund balance classifications, the Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

O. Use of 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 amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

P. New Accounting Standards

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

GASB 84 – *Fiduciary Activities*

GASB 90 – *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*

Q. Future Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following standard that will become effective in future fiscal years:

GASB 87 – *Leases*, effective for the year ending June 30, 2022.

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

GASB 91 – *Conduit Debt Obligations*, effective for the year ending June 30, 2023.

GASB 92 – *Omnibus*, effective for the year ending June 30, 2022.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB 93 – *Replacement of Interbank Offered Rates*, effective for the year ending December 31, 2022, except for the removal of LIBOR as an appropriate benchmark interest rate, which is effective for the year ending December 31, 2023.

GASB 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending December 31, 2023

GASB 96 – *Subscription-Based Information Technology Arrangements*, effective for the year ending December 31, 2023.

GASB 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No.32*, effective for the year ending December 31, 2022.

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

R. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience. The District reports \$10,486,958 in deferred outflows of resources related to pensions and \$52,869,586 in deferred outflows of resources related to the Total OPEB Liability as of June 30, 2021.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of net position 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension system not included in pension expense. The second 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. The District reports \$4,054,326 in deferred inflows of resources related to pensions and \$2,583,166 in deferred inflows of resources related to the Total OPEB Liability as of June 30, 2021.

The reporting of deferred outflows of resources and deferred inflows of resources related to pensions resulted in a net increase of \$6,432,632 to unrestricted net position as of June 30, 2021.

The reporting of deferred outflows of resources and deferred inflows of resources related to the Total OPEB Liability resulted in a net increase of \$50,286,420 to unrestricted net position as of June 30, 2021.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL
FUND STATEMENTS AND DISTRICT-WIDE STATEMENT

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 differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds. These differences are reconciled in the financial statements.

1. 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. The difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheet.

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

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL
FUND STATEMENTS AND DISTRICT-WIDE STATEMENT (continued)

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

a. Long-term revenue differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities report 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.

b. Capital related differences:

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

c. Long-term debt transaction differences:

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

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 differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds. These differences are reconciled in the financial statements.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Fund Balance

The District's unassigned fund balance in the General Fund is in excess of the amount permitted by law. New York State Law limits the unassigned fund balance to 4% of the ensuing year's budget.

NOTE 4 – PARTICIPATION IN BOCES

During the year ended June 30, 2021, the Fallsburg Central School District was billed \$6,930,518 for BOCES administrative and program costs. General purpose financial statements for Sullivan County BOCES are available from the BOCES' administrative office at 15 Sullivan Avenue, Suite 1, Liberty, NY 12754.

The School District's share of BOCES income amounted to \$1,857,334.

NOTE 5 – CASH AND INVESTMENTS

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

Collateral is required for time deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and states other than New York and their municipalities and school districts.

The District's aggregate cash balances include balances not covered by depository insurance at year end, collateralized as follows:

Collateralized with securities held by the pledging financial institution, or its trust department, but not in the District's name. \$ 14,047,197

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 – CAPITAL ASSETS

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

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>RETIREMENTS/ RECLASSIFICATIONS</u>	<u>ENDING BALANCE</u>
Governmental Activities:				
Capital assets that are not depreciated:				
Land	\$ 84,490	\$ -	\$ -	\$ 84,490
Construction In Progress	<u>10,932,597</u>	<u>-</u>	<u>10,932,597</u>	<u>-</u>
Total non-depreciable historical cost	<u>11,017,087</u>	<u>-</u>	<u>10,932,597</u>	<u>84,490</u>
Capital assets that are depreciated:				
Building and Improvements	42,534,139	15,079,230	397,198	57,216,171
Furniture and Equipment	<u>1,428,397</u>	<u>176,585</u>	<u>121,823</u>	<u>1,483,159</u>
Total depreciable historical cost	<u>43,962,536</u>	<u>15,255,815</u>	<u>519,021</u>	<u>58,699,330</u>
Less accumulated depreciation:				
Building and Improvements	20,048,139	704,546	397,198	20,355,487
Furniture and Equipment	<u>1,074,156</u>	<u>89,488</u>	<u>58,798</u>	<u>1,104,846</u>
Total Accumulated Depreciation	<u>21,122,295</u>	<u>794,034</u>	<u>455,996</u>	<u>21,460,333</u>
Total historical cost, net	<u>\$ 33,857,328</u>	<u>\$ 14,461,781</u>	<u>\$ 10,995,622</u>	<u>\$ 37,323,487</u>
Depreciation expense was charged to Governmental functions as follows:				
General Support		\$ 18,796		
Instruction		766,882		
School Lunch		<u>8,356</u>		
		<u>\$ 794,034</u>		

NOTE 7 – INTERFUND TRANSACTIONS

Interfund balances at June 30, 2021 are as follows:

	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>	<u>INTERFUND REVENUES</u>	<u>INTERFUND EXPENDITURES</u>
General Fund	\$ 3,522,241	\$ 365,663	\$ -	\$ 1,096,477
Special Aid Fund	-	3,481,972	26,636	-
School Lunch Fund	-	29,606	-	-
Capital Fund	355,000	-	145,000	-
Debt Service Fund	<u>-</u>	<u>-</u>	<u>924,841</u>	<u>-</u>
Total Governmental Activities	<u>3,877,241</u>	<u>3,877,241</u>	<u>1,096,477</u>	<u>1,096,477</u>
TOTALS	<u>\$ 3,877,241</u>	<u>\$ 3,877,241</u>	<u>\$ 1,096,477</u>	<u>\$ 1,096,477</u>

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 – INTERFUND TRANSACTIONS (Continued)

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

The District typically transfers funds from the General Fund to the School Lunch Fund to cover the shortfall in the annual budget, to the Special Aid Fund to cover expenses that are not reimbursed by Federal or State Grants, and to the Debt Service Fund to make principal and interest payments on outstanding debt.

The District transfers investment income earned in the Capital Projects Fund to the Debt Service Fund for the purpose of making future debt service payments.

The District typically loans resources between funds for the purpose of relieving cash flow issues.

NOTE 8 – INVENTORY

Inventory in the School Lunch Fund at June 30, 2021 consisted of the following:

Food and Supplies	<u>\$ 25,380</u>
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NOTE 9 – LIABILITIES

A. **Pension Plans and Post-Employment Benefits**

1. General Information

The Fallsburg Central School District participates in New York State and Local Employee's Retirement System (ERS), and the New York State Teachers' Retirement System (TRS). These Systems are cost sharing multiple employer, public employee retirement systems.

The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

2. Plan Descriptions

a. Teachers' Retirement System (TRS)

As an employer, you make contributions to the NYS Teachers' Retirement System, a cost sharing, multiple employer defined benefit pension plan administered by the NYS Teachers' Retirement Board. The System provides retirement, disability, withdrawal and death benefits to plan members and beneficiaries as authorized by the Education Law and Retirement and Social Security Law of the State of New York.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 – LIABILITIES (Continued)

The System 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 the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

b. Employees' Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute, and benefits to employees are governed by the New York State Retirement and Social Security Law (NYRSSL). The system issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

3. Funding Policy

Plan members who joined the Systems before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and prior to January 1, 2010, with less than ten years of service, are required to contribute 3% of their salary.

Those joining the NYSERS on or after January 1, 2010 and before April 1, 2012, contribute 3% of their salary throughout their entire working career. Those joining after April 1, 2012 contribute 3% of their salary through March 31, 2013, and beginning April 1, 2013, contribute at rates ranging from 3% to 6%, dependent upon their salary, for their entire working career.

Those joining the NYSTRS on or after January 1, 2010 and before April 1, 2012 contribute 3.5% of their salary throughout their entire working career. 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 the NYSTRS, employers are required to contribute at an actuarially determined rate, currently 9.53% of the annually covered payroll for the fiscal year ended June 30, 2021. Rates applicable to the fiscal years ended June 30, 2020 and 2019, were 8.86% and 10.62%, respectively. For the NYSERS, the NYS Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 – LIABILITIES (Continued)

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

	<u>ERS</u>	<u>TRS</u>
2021	\$ 349,360	\$ 1,417,364
2020	313,041	1,367,653
2019	367,453	1,618,069

B. Indebtedness

1. Long-Term Debt

a. Long-Term Debt Interest

Interest Expense on long-term debt consisted of the following:

Interest Paid	\$ 132,729
Less: Interest Accrued in the Prior Year	(9,370)
Amortization of Bond Premium	(13,177)
Plus: Interest Accrued in the Current Year	<u>17,936</u>
Total Expense	<u>\$ 128,118</u>

b. Changes

The changes in the School District's indebtedness during the year ended June 30, 2021 are summarized as follows:

	<u>BALANCE</u> <u>07/01/20</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>06/30/21</u>	<u>AMOUNTS</u> <u>DUE WITHIN</u> <u>ONE YEAR</u>
Serial Bonds –					
General Obligations	\$ 4,580,000	\$ 15,290,000	\$ 665,000	\$ 19,205,000	\$ 2,020,000
Unamortized Bond Premium	14,825	480,776	13,177	482,424	33,700
Energy Performance Contract					
Direct Borrowing	996,700	-	127,112	869,588	132,506
Compensated Absences	339,355	86,297	-	425,652	-
Total OPEB Liability	<u>135,118,344</u>	<u>22,365,192</u>	<u>3,125,512</u>	<u>154,358,024</u>	<u>3,200,000</u>
TOTAL	<u>\$ 141,049,224</u>	<u>\$ 38,222,265</u>	<u>\$ 3,930,801</u>	<u>\$ 175,340,688</u>	<u>\$ 5,386,206</u>

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

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 – LIABILITIES (Continued)

c. Maturity

The following is a summary of maturity of indebtedness:

<u>PURPOSE</u>	<u>ISSUE DATE</u>	<u>FINAL MATURITY</u>	<u>INTEREST RATE</u>	<u>OUTSTANDING 06/30/21</u>
Serial Bonds	2021	2036	2.00%	\$ 15,290,000
Refunded Bonds	2017	2022	1.50%-4.00%	335,000
Serial Bonds	2016	2031	2.00%-2.50%	3,580,000
Energy Performance Contract	2011	2027	4.20%	<u>869,588</u>
				<u>\$ 20,074,588</u>

<u>General Obligations</u>			<u>Direct Borrowings and Direct Placements</u>	
<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2022	\$ 2,020,000	\$ 375,378	\$ 132,506	\$ 35,145
2023	1,730,000	345,963	138,131	29,522
2024	1,765,000	311,363	143,993	23,660
2025	1,800,000	276,063	150,104	17,548
2026	1,840,000	240,062	156,474	11,178
2027-2031	6,975,000	703,740	148,380	4,539
2032-2036	<u>3,075,000</u>	<u>159,600</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 19,205,000</u>	<u>\$ 2,412,169</u>	<u>\$ 869,588</u>	<u>\$ 121,592</u>

2. Short-Term Debt

Bond Anticipation Notes

State law requires that BAN's issued for capital purpose be converted to long-term obligations within five years after the original issue date. However, BAN's issued for assessable improvements projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made. The District has the following BAN's outstanding as of June 30, 2021:

<u>CAPITAL PROJECTS FUND</u>	<u>INTEREST RATE</u>	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>ENDING BALANCE</u>
Improvements	1.00%	<u>\$ 15,783,934</u>	<u>\$ -</u>	<u>\$ 15,783,934</u>	<u>\$ -</u>

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 – LIABILITIES (Continued)

Short-Term Debt Interest

Interest expense on short term debt consisted of the following:

Interest Paid	\$ 157,401
Less: Interest Accrued in Prior Year	-
Plus: Interest Accrued in Current Year	<u>-</u>
Total Expense	<u>\$ 157,401</u>

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

The Fallsburg Central School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties.

B. Other Items

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

C. COVID - 19

In the early months of 2020, the COVID – 19 pandemic spread quickly around the world, causing significant shutdowns of economic activity. As a result, the District had to switch to remote learning and incurred unanticipated costs related to the conversion. Additionally, the District recognized some savings related to budgeted activity that was no longer needed. The ultimate cost of the shutdown and the effect, if any, on future tax levies and State and Federal funding sources cannot be determined at this time.

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS

The District provides post-employment coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

General Information about the OPEB Plan

Plan Description - The healthcare plan is a defined benefit OPEB plan that provides benefits for employees of the District who have reached certain levels of employment with the District. The plan is a pay as you go funding plan. The plan is a single-employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The District provides healthcare benefits for retirees, their dependents and surviving spouses. The benefit terms and contributions required by retirees vary based on the union contract that governs the employee, and years of service with the District. The District also reimburses the cost of Medicare Part B premiums to both retirees and covered spouses. The District will pay 100% of the coverage for most employees who retire with 20 years of service to the District. Other retiree contribution requirements vary from 25% to 65% for insurance coverage based on years of service, date of hire and bargaining unit.

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

Inactive employees or beneficiaries currently receiving benefit payments	155
Inactive employees entitled to but not yet receiving benefit payments	<u>245</u>
Active Employees	<u><u>400</u></u>

Total OPEB Liability

The District's total OPEB liability of \$154,358,024 was measured as of June 30, 2021, using an actuarial valuation as of June 30, 2020.

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

Measurement Date	June 30, 2021
Inflation	2.50%
Discount Rate	2.16%
Initial Healthcare Cost Trend Rate	5.70%
Ultimate Healthcare Cost Trend Rate	4.04%

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

The actuarial cost method used was Entry Age Normal.

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

Mortality rates were based on Pub-2010 Headcount-weighted table (Teachers for TRS group and General Employees for ERS group) projected fully generationally using MP-2020.

Changes in the Total OPEB Liability

Balance at June 30, 2020		\$ 135,118,344
Changes for the Year -		
Service Cost	7,241,006	
Interest	3,111,793	
Changes of Benefit Terms	-	
Differences between expended and actual experience	3,907,213	
Changes in assumptions or other inputs	8,105,180	
Benefit Payments	<u>(3,125,512)</u>	
Net Changes		<u>19,239,680</u>
Balance at June 30, 2021		<u>\$ 154,358,024</u>

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

	1% Decrease <u>(1.16%)</u>	Current Assumption <u>(2.16%)</u>	1% Increase <u>(3.16%)</u>
Total OPEB Liability	<u>\$ 189,014,876</u>	<u>\$ 154,358,024</u>	<u>\$ 127,630,069</u>

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends 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 healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Assumption</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 122,719,687</u>	<u>\$ 154,358,024</u>	<u>\$ 197,881,354</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$17,694,425. At June 30, 2021, 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	\$ 12,242,948	\$ 598,871
Changes of assumptions or other inputs	<u>40,626,638</u>	<u>1,984,295</u>
Total	<u>\$ 52,869,586</u>	<u>\$ 2,583,166</u>

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

2022	\$ 7,341,626
2023	7,341,626
2024	7,341,626
2025	7,341,626
2026	7,341,626
Thereafter	<u>13,578,290</u>
TOTAL	<u>\$ 50,286,420</u>

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES

Pension Plan Descriptions and Benefits Provided

Detailed descriptions of the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) are included in Note 9-A to the financial statements.

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

At June 30, 2021, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation.

The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2020	June 30, 2019
Net pension asset/(liability)	\$ (9,020)	\$ (2,513,059)
District's portion of the Plan's total net pension asset/(liability)	0.0090586%	0.090945%

For the year ended June 30, 2021, the District recognized pension expense of \$214,601 for ERS and \$3,391,154 for TRS. At June 30, 2021, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

	<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	\$ 110,159	\$ 2,201,943	\$ -	\$ 128,789
Changes of assumptions	1,658,489	3,178,435	31,280	1,132,946
Net difference between projected and actual earnings on pension plan investments	-	1,641,248	2,591,078	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	56,800	138,099	48,546	121,687
District's contributions subsequent to the measurement date	<u>84,421</u>	<u>1,417,364</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,909,869</u>	<u>\$ 8,577,089</u>	<u>\$ 2,670,904</u>	<u>\$ 1,383,422</u>

District contributions subsequent to the measurement date of \$84,421 for ERS and \$1,417,364 for TRS will be recognized as a reduction of the net pension liability in the year June 30, 2022. 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>
2021	\$ -	\$ 986,667
2022	(152,643)	1,983,911
2023	(58,493)	1,647,332
2024	(143,677)	1,003,844
2025	(490,643)	36,203
2026	-	-
Thereafter	<u>-</u>	<u>118,346</u>
TOTAL	<u>\$ (845,456)</u>	<u>\$ 5,776,303</u>

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	5.9%	7.10%
Salary scale	4.4%	1.90%-4.72%
Decrement tables	April 1, 2015-March 31, 2020 System's Experience	July 1, 2009-June 30, 2014 System's Experience
Inflation rate	2.0%	2.20%

For ERS, annuitant mortality rates are based on April 1, 2015-March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019, applied on a generational basis.

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

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

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Asset Type:		
Domestic Equity	4.05%	7.1%
International Equity	6.30	7.7
Real Estate	4.95	6.8
Opportunistic/ARS Portfolio	4.50	-
Domestic fixed income securities	-	1.8
Global Bonds	-	1.0
Global Equities	-	7.4
Private Debt	.75	-
Private Equities	6.75	10.4
Private Debt	-	5.2
High Yield Fixed Income Securities	-	3.9
Real Estate Debt	-	3.6
Cash Equivalents	0.50	0.7
Credit	3.63	-
Real Assets	5.95	-

Discount Rate

The discount rate used to calculate the total pension liability was 5.90% for ERS and 7.10% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employees 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.

Sensitivity of the Proportionate Share for the Net Pension Liability to the Discount Rate Assumption

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

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset (liability)	\$ (2,503,605)	\$ (9,020)	\$ 2,291,572
TRS	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension asset (liability)	\$ (15,874,130)	\$ (2,513,059)	\$ 8,700,265

Pension Plan Fiduciary Net Position

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

	<u>ERS (in thousands)</u> April 1, 2020	<u>TRS</u> June 30, 2019
Valuation date		
Employers' total pension liability	\$ (220,680,157)	\$ (123,242,776,215)
Plan Net Position	<u>220,580,583</u>	<u>120,479,505,380</u>
Employer's net pension asset/(liability)	\$ <u>(99,574)</u>	\$ <u>(2,763,270,835)</u>
Ration of plan net position to the Employer's total pension asset/(liability)	99.95%	97.80%

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (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 represent the projected employer contribution for the period of April 1 through June 30 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$84,421.

For TRS, employer and employee contributions for the fiscal year ended June 30 are paid to the System in September, October, and November through a state aid intercept. Accrued retirement contributions represent employee and employer contributions for the fiscal year ended June 30 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$1,590,230.

NOTE 13 – TAX ABATEMENTS

The District is subject to tax abatement agreements entered into by the County of Sullivan Industrial Development Agency pursuant to Title I of Article 18-A of the General Municipal Law of the State of New York. For the year ended June 30, 2021, the District received \$51,262 in tax abatement payments, which resulted in abated property taxes totaling \$21,388.

NOTE 14 – EVENTS OCCURRING AFTER REPORTING DATE

The District has evaluated events and transactions that occurred between June 30, 2021 and October 13, 2021, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 15 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2021, the Fallsburg Central School District implemented GASB Statement No. 84, *Fiduciary Activities* (GASB 84). As a result of the implementation of GASB 84, the beginning fund balance in the Miscellaneous Special Revenue Fund has been increased by \$111,117 to account for scholarships and extra classroom activities previously reported in the Fiduciary Fund. The increase in fund balance also effects the beginning net position in the statement of activities.

FALLSBURG CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES, OTHER USES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2020)

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2020 ACTUAL
REVENUES					
Local Sources:					
Real Property Taxes	\$ 18,569,564	\$ 18,569,564	\$ 18,690,880	\$ 121,316	\$ 18,689,376
Other Tax Items	1,365,298	1,365,298	1,140,537	(224,761)	1,201,700
Charges For Services	9,000	9,000	56,391	47,391	62,405
Use of Money and Property	32,000	32,000	39,746	7,746	41,602
Sale of Property and Compensation For Loss	-	-	-	-	750
Miscellaneous Local Sources	806,139	806,139	816,258	10,119	953,541
Interfund Revenues	-	-	-	-	4,714
State Sources:					
Basic Formula	20,180,419	20,180,419	17,165,445	(3,014,974)	17,706,691
Lottery Aid	-	-	2,629,133	2,629,133	2,636,700
BOCES	1,879,534	1,879,534	1,857,334	(22,200)	1,580,673
Other	1,126,833	1,126,833	414,015	(712,818)	425,186
Federal Sources	50,000	1,346,379	1,016,333	(330,046)	92,853
TOTAL REVENUES	44,018,787	45,315,166	43,826,072	(1,489,094)	43,396,191
OTHER FINANCING SOURCES					
Operating Transfers In	205,000	155,000	-	(155,000)	-
TOTAL REVENUES AND OTHER FINANCING SOURCES	44,223,787	45,470,166	43,826,072	\$ (1,644,094)	43,396,191
FUND BALANCE					
Appropriated Fund Balance	1,767,769	1,767,769			
Appropriated Reserves	-	7,840			
Prior Year Encumbrances	-	1,233,212			
TOTAL FUND BALANCE	1,767,769	3,008,821			
TOTAL REVENUES, OTHER FINANCING SOURCES AND FUND BALANCE	\$ 45,991,556	\$ 48,478,987			

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES, OTHER USES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
- GENERAL FUND
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2021)

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	ENCUMBRANCES	VARIANCE FAVORABLE (UNFAVORABLE)	2020 ACTUAL
EXPENDITURES						
General Support:						
Board of Education	\$ 70,208	\$ 71,190	\$ 49,780	\$ -	21,410	\$ 42,776
Central Administration	291,209	291,210	267,125	-	24,085	268,711
Finance	542,750	545,510	503,961	4,000	37,549	445,489
Staff	180,848	253,260	234,416	-	18,844	173,012
Central Services	2,024,510	2,898,415	2,398,702	128,653	371,060	1,902,710
Special Items	775,194	775,194	718,526	-	56,668	845,828
Instructional:						
Instruction, Administration and Improvement	1,719,641	1,725,317	1,461,397	2,982	260,938	1,769,059
Teaching:						
Regular School	11,084,832	11,726,227	10,741,408	111,490	873,329	10,214,051
Programs For Children With Handicapped Conditions	7,984,936	7,630,339	7,140,515	44,639	445,185	6,442,025
Occupational Education	635,312	635,312	626,346	-	8,966	624,618
Special Schools	30,000	30,000	-	-	30,000	1,206
Instructional Media	1,598,648	1,922,919	1,370,315	548,385	4,219	1,374,862
Pupil Services	1,832,412	1,944,286	1,584,224	50,146	309,916	1,867,951
Pupil Transportation	3,439,847	5,109,179	4,782,083	250	326,846	3,202,709
Community Services	36,526	38,164	38,163	-	1	39,704
Employee Benefits	12,090,288	11,228,070	10,369,731	-	858,339	10,841,661
Debt Service:						
Principal	524,555	366,884	-	-	366,884	210,000
Interest	924,840	157,671	-	-	157,671	-
TOTAL EXPENDITURES	45,786,556	47,349,147	42,286,692	890,545	4,171,910	40,266,372
OTHER USES						
Operating Transfers Out	205,000	1,129,840	1,096,477	-	33,363	2,835,534
TOTAL EXPENDITURES AND OTHER USES	\$ 45,991,556	\$ 48,478,987	43,383,169	\$ 890,545	\$ 4,205,273	43,101,906
NET CHANGE IN FUND BALANCE			442,903			294,285
FUND BALANCE - Beginning of Year			10,808,311			10,514,026
FUND BALANCE - End of Year			\$ 11,251,214			\$ 10,808,311

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
YEAR ENDED JUNE 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 7,241,006	\$ 4,664,382	\$ 3,192,585	\$ 2,236,251
Interest	3,111,793	3,662,088	2,759,460	2,497,405
Changes of Benefit Terms	-	-	(81,108)	-
Differences Between Expected and Actual Experience	3,907,213	(769,977)	13,154,805	-
Changes of Assumptions	8,105,180	29,536,520	15,673,779	(3,554,471)
Benefit Payments	<u>(3,125,512)</u>	<u>(3,258,476)</u>	<u>(3,025,301)</u>	<u>(2,659,017)</u>
Net Change in Total OPEB Liability	19,239,680	33,834,537	31,674,220	(1,479,832)
Beginning Total OPEB Liability	<u>135,118,344</u>	<u>101,283,807</u>	<u>69,609,587</u>	<u>71,089,419</u>
Ending Total OPEB Liability	<u>\$ 154,358,024</u>	<u>\$ 135,118,344</u>	<u>\$ 101,283,807</u>	<u>\$ 69,609,587</u>
Covered Employee Payroll	<u>\$ 18,744,245</u>	<u>\$ 19,505,773</u>	<u>\$ 16,134,228</u>	<u>\$ 18,035,296</u>
Total OPEB Liability as a Percentage of Covered Payroll	823.5%	692.70%	627.80%	385.96%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

Changes of Benefit Terms

None

Changes of Assumptions or Other Inputs

The change in the discount rate is as follows:

June 30, 2021 Measurement Date:	2.16%
June 30, 2020 Measurement Date:	2.21%

Trust Assets

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

FALLSBURG CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
YEAR ENDED JUNE 30, 2021

TRS System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension asset (liability)	0.090945%	0.091280%	0.090213%	0.090773%	0.093962%	0.091406%	0.090658%
The District's proportionate share of the net pension asset (liability)	\$ 2,513,059	\$ 2,371,450	\$ 1,631,293	\$ 689,964	\$ (1,006,368)	\$ 9,494,164	\$ 10,098,699
The District's covered employee payroll	15,436,267	15,221,718	14,384,509	14,373,293	14,499,215	13,730,412	13,665,072
The District's proportionate share of the net pension asset (liability) as a percentage of covered employee payroll	16.29%	15.58%	11.34%	4.80%	6.94%	69.15%	73.90%
Plan Fiduciary net position as a percentage of the total pension liability	97.80%	102.2%	101.53%	100.66%	99.01%	110.46%	111.48%

ERS System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension liability	0.0090586%	0.0085364%	0.0093111%	0.0091891%	0.0094453%	0.0095913%	0.0092165%
The District's proportionate share of the net pension liability	\$ (9,020)	\$ (2,260,483)	\$ (659,719)	\$ (296,574)	\$ (887,499)	\$ (1,539,424)	\$ (311,357)
The District's covered employee payroll	2,655,763	2,488,729	2,548,607	2,749,051	2,662,238	2,487,871	2,598,965
The District's proportionate share of the net pension liability as a percentage of covered employee payroll	0.34%	90.83%	25.89%	10.79%	33.34%	61.88%	11.98%
Plan Fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.7%	90.7%	97.9%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30, 2021

TRS System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 1,417,364	\$ 1,367,653	\$ 1,618,069	\$ 1,440,082	\$ 1,684,550	\$ 1,922,596	\$ 2,406,941	\$ 2,220,547	\$ 1,479,491	\$ 1,479,491
Contribution in relation to the contractually required contribution	<u>1,417,364</u>	<u>1,367,653</u>	<u>1,618,069</u>	<u>1,440,082</u>	<u>1,684,550</u>	<u>1,922,596</u>	<u>2,406,941</u>	<u>2,220,547</u>	<u>1,479,491</u>	<u>1,479,491</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution as a percentage of covered employee payroll	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%	11.11%

ERS System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 349,360	\$ 313,041	\$ 367,453	\$ 385,085	\$ 380,613	\$ 392,583	\$ 425,866	\$ 504,323	\$ 471,706	\$ 390,700
Contribution in relation to the contractually required contribution	<u>349,360</u>	<u>313,041</u>	<u>367,453</u>	<u>385,085</u>	<u>380,613</u>	<u>392,583</u>	<u>425,866</u>	<u>504,323</u>	<u>471,706</u>	<u>390,700</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution as a percentage of covered employee payroll	13.15%	12.58%	14.42%	14.01%	14.30%	15.78%	16.39%	18.88%	N/A	N/A

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

MISCELLANEOUS SPECIAL REVENUE

	EXTRA CLASSROOM <u>ACTIVITY FUND</u>	<u>SCHOLARSHIPS</u>	DEBT <u>SERVICE</u>	TOTAL NON-MAJOR GOVERNMENTAL <u>FUNDS</u>
ASSETS				
Cash	\$ 88,840	\$ -	\$ 670,685	\$ 759,525
Cash - Restricted	<u>-</u>	<u>13,409</u>	<u>-</u>	<u>13,409</u>
 TOTAL ASSETS	 <u>\$ 88,840</u>	 <u>\$ 13,409</u>	 <u>\$ 670,685</u>	 <u>\$ 772,934</u>
 FUND BALANCES				
Restricted:				
Reserve for Scholarships	\$ -	\$ 13,409	\$ -	\$ 13,409
Assigned:				
Unappropriated	<u>88,840</u>	<u>-</u>	<u>670,685</u>	<u>759,525</u>
 TOTAL FUND BALANCES	 <u>88,840</u>	 <u>13,409</u>	 <u>670,685</u>	 <u>772,934</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 88,840</u>	 <u>\$ 13,409</u>	 <u>\$ 670,685</u>	 <u>\$ 772,934</u>

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2021

MISCELLANEOUS SPECIAL REVENUE

	EXTRA CLASSROOM <u>ACTIVITY FUND</u>	<u>SCHOLARSHIPS</u>	DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL <u>FUNDS</u>
REVENUES				
Use of Money and Property	\$ -	\$ 49	\$ -	\$ 49
Miscellaneous Local Sources	<u>25,911</u>	<u>1,048</u>	<u>-</u>	<u>26,959</u>
TOTAL REVENUES	25,911	1,097	-	27,008
OTHER FINANCING SOURCES				
Premium on Obligations	-	-	480,776	480,776
Operating Transfers In	<u>-</u>	<u>-</u>	<u>924,841</u>	<u>924,841</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>25,911</u>	<u>1,097</u>	<u>1,405,617</u>	<u>1,432,625</u>
EXPENDITURES				
Instruction	31,021	4,915	-	35,936
Debt Service:				
Principal	-	-	792,112	792,112
Interest	<u>-</u>	<u>-</u>	<u>290,130</u>	<u>290,130</u>
TOTAL EXPENDITURES	<u>31,021</u>	<u>4,915</u>	<u>1,082,242</u>	<u>1,118,178</u>
NET CHANGE IN FUND BALANCE	(5,110)	(3,818)	323,375	314,447
FUND BALANCE - Beginning of Year (Restated)	<u>93,950</u>	<u>17,227</u>	<u>347,310</u>	<u>458,487</u>
FUND BALANCE - End of Year	<u><u>\$ 88,840</u></u>	<u><u>\$ 13,409</u></u>	<u><u>\$ 670,685</u></u>	<u><u>\$ 772,934</u></u>

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
GENERAL FUND
YEAR ENDED JUNE 30, 2021

ADOPTED BUDGET	\$ 45,991,556
ADDITIONS:	
Encumbrances From Prior Year	1,233,212
Budget Revisions	1,246,379
Appropriated Reserve	<u>7,840</u>
FINAL BUDGET	<u>\$ 48,478,987</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
REAL PROPERTY TAX LIMIT
YEAR ENDED JUNE 30, 2021

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

2021-2022 Voter Approved Expenditure Budget		<u>\$ 47,994,681</u>
Maximum allowed (4% of Budget)		<u>\$ 1,919,787</u>
General Fund Balance subject to Section 1318 of Real Property Tax Law:		
Unrestricted Fund Balance:		
Assigned Fund Balance	2,407,210	
Unassigned Fund Balance	<u>2,380,014</u>	
Total Unrestricted Fund Balance		4,787,224
Less:		
Appropriated Fund Balance	1,516,665	
Encumbrances included in Assigned Fund Balance	<u>890,545</u>	
Total Adjustments		<u>2,407,210</u>
General Fund Balance subject to Section 1318 of Real Property Tax Law:		<u>\$ 2,380,014</u>
Actual Percentage		4.96%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
 SCHEDULE OF PROJECT EXPENDITURES
 CAPITAL PROJECTS FUND
 YEAR ENDED JUNE 30, 2021

<u>PROJECT TITLE</u>	<u>ORIGINAL APPROPRIATIONS</u>	<u>REVISED APPROPRIATIONS</u>	<u>I EXPENDITURES I</u>			<u>I METHODS OF FINANCING I</u>				<u>FUND BALANCE JUNE 30, 2021</u>
			<u>PRIOR YEARS</u>	<u>CURRENT YEARS</u>	<u>TOTAL</u>	<u>UNEXPENDED BALANCE</u>	<u>PROCEEDS OBLIGATION</u>	<u>LOCAL SOURCES</u>	<u>TOTAL</u>	
Improvements	\$ 15,993,934	\$ 16,627,441	\$12,507,435	\$ 4,120,006	\$ 16,627,441	\$ -	\$ 15,500,000	\$ 1,965,557	\$ 17,465,557	\$ 838,116
Smart Schools Bond Act	1,772,454	1,722,454	-	<u>23,339</u>	23,339	1,699,115	-	145,000		<u>121,661</u>
				<u>\$ 4,143,345</u>						<u>\$ 959,777</u>

SEE ACCOMPANYING NOTES AND AUDITORS’ OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2021

Capital Assets, Net	\$ 37,323,487
Less: Outstanding Bonds	(19,205,000)
Outstanding Energy Performance Contract	(869,588)
Plus: Unspent Debt Proceeds	<u>838,116</u>
Net Investment in Capital Assets	<u>\$ 18,087,015</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

<u>GRANTOR AGENCY</u>	<u>CFDA NUMBER</u>	<u>PASS-THROUGH GRANTORS NUMBER</u>	<u>EXPENDITURES CURRENT YEAR</u>
U.S. DEPARTMENT OF AGRICULTURE:			
Passed Through State Dept. of Education:			
School Lunch Program	10.555	N/A	\$ -
School Breakfast Program	10.553	N/A	-
Summer Food Service Program	10.559	N/A	<u>1,028,127</u>
Total Child Nutrition Cluster			1,028,127
Passed Through State Dept. of Health and Human Services:			
Commodity Supplement Food Program (Non-cash)	10.565	N/A	<u>33,445</u>
TOTAL U.S. DEPT. OF AGRICULTURE			<u>1,061,572</u>
Passed Through State Department of Education			
Title I	84.010A	021-21-3290	1,028,968
Title I	84.010A	021-20-3290	13,214
Title I – School Improvement	84.010A	011-20-2064	909
Title I – School Improvement	84.010A	011-21-2064	80,709
Title I – Part D Neglected Delinquent	84.010A	016-21-3290	12,363
IDEA, Part B	84.027A	032-21-0963	377,386
IDEA, Pre-School	84.173A	033-21-0963	<u>13,721</u>
Total Special Education Cluster			<u>391,107</u>
Title IIA	84.367A	147-21-3290	104,832
Title IIA	84.367A	293-21-3290	39,954
Title IIIA, LEP	84.365A	293-20-3290	7,751
Title III, Immigrant Education	84.365A	149-21-3290	21,382
Title III, Immigrant Education	84.365A	149-20-3290	5,400
Title IV, SSAE	84.424A	204-21-3290	84,823
Title IV SSAE	84.424A	204-20-3290	5,821
Title VIB	84.358B	006-20-3290	25,085
Cares Act - ESSER I	84.425D	5890-21-3290	888,430
Cares Act - GEER I	84.425C	5895-21-3290	<u>84,606</u>
TOTAL DEPARTMENT OF EDUCATION			<u>2,795,354</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 3,856,926</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Fallsburg Central School District. The Fallsburg Central School District's reporting entity is defined in Note 1 to the District's financial statements. All federal financial assistance passed through other governmental agencies are included on the schedule.

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements.

3. RELATIONSHIP TO GENERAL PUPOSE FINANCIAL STATEMENTS

Federal financial assistance revenues are reported in the District's financial statements as follows:

Governmental Funds:	
General Fund	\$ 973,036
Special Aid Fund	1,822,318
School Lunch Fund	<u>1,061,572</u>
TOTAL	<u>\$ 3,856,926</u>

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

To the Board of Education of the
Fallsburg Central School District
Fallsburg, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Fallsburg Central School District, New York as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Fallsburg Central School District, New York's basic financial statements and have issued our report thereon dated October 13, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fallsburg Central School District, New York'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 the Fallsburg Central School District, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fallsburg Central School District, New York's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 over financial reporting 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 financial reporting 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, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fallsburg Central School District, New York'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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

A handwritten signature in black ink that reads "Cooper Armas LLP". The signature is written in a cursive, flowing style.

Mongaup Valley, New York
October 13, 2021

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

To the Board of Education of the
Fallsburg Central School District
Fallsburg, New York

Report on Compliance for Each Major Federal Program

We have audited the Fallsburg Central School District, New York'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 the Fallsburg Central School District, New York's major federal programs for the year ended June 30, 2021. The Fallsburg Central School District, New York's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Fallsburg Central School District, New York's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Fallsburg Central School District, New York'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. Our audit does not provide a legal determination on the Fallsburg Central School District, New York's compliance with those requirements.

892 State Route 17B, P.O. Box 190 Mongaup Valley, NY 12762 — Phone: 845-796-1800 — Fax: 845-796-1826 — www.cooperarias.com

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Fallsburg Central School District, New York is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Fallsburg Central School District, New York'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 Fallsburg Central School District, New York'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 that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

A handwritten signature in dark ink, appearing to read "Cooper Arias LLP", is written over a light gray rectangular background.

Mongaup Valley, New York
October 13, 2021

FALLSBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

Summary of Auditors' Results:

1. The auditors' report expresses an unmodified opinion on the financial statements of the Fallsburg Central School District.
2. There were no significant deficiencies disclosed during the audit of the financial statements of the Fallsburg Central School District.
3. No instances of non-compliance material to the financial statements of the Fallsburg Central School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. The auditors' report on compliance for the major federal award programs for the Fallsburg Central School District expresses an unmodified opinion on all major federal programs.
5. There were no significant deficiencies disclosed during the audit of internal control over major federal award programs for the Fallsburg Central School District.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516 (a) are reported on this schedule.
7. The programs tested as major programs included:

Cares Act – ESSER	84.425D
Cares Act – GEER	84.425C
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The Fallsburg Central School District was determined to be a low-risk auditee.

Findings – Financial Statements Audit
None

Findings and Questioned Costs – Major Federal Awards Program Audit
None

FALLSBURG CENTRAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2021

There were no findings in the prior year.

INDEPENDENT AUDITORS' REPORT

To the Board of Education of the
Fallsburg Central School District
Fallsburg, New York

We have audited the accompanying statements of assets, liabilities and fund balance – cash basis, of the Extraclassroom Activity Funds of the Fallsburg Central School District as of June 30, 2021, and the related statements of cash receipts, disbursements and changes in fund balance – cash basis for the year then ended, and the related notes to the financial statements, which collectively comprise the financial statements of the Extraclassroom Activity Funds of the Fallsburg Central School District 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 the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion of these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position – cash basis, of the Extraclassroom Activity Funds of the Fallsburg Central School District as of June 30, 2021, and the changes in financial position – cash basis, for the year then ended in accordance with the basis of accounting described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

This report is intended solely for the information and use of the school board governing body and management of the Extraclassroom Activity Funds of Fallsburg Central School District, and for filing with the various offices and agencies of the State of New York. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in black ink, reading "Cooper Armas LLP". The signature is written in a cursive, flowing style.

Mongaup Valley, New York
October 13, 2021

FALLSBURG CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE-CASH BASIS
YEAR ENDED JUNE 30, 2021

ASSETS	
Cash	<u>\$ 88,840</u>
 TOTAL ASSETS	 <u> 88,840</u>
 FUND BALANCE	 <u><u>\$ 88,840</u></u>

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE- CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

<u>ACTIVITY</u>	<u>CASH & FUND BALANCE 6/30/20</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>CASH & FUND BALANCE 6/30/21</u>
Class of 2020	\$ 3	\$ -	\$ 3	\$ -
Class of 2021	6,207	4,409	10,253	363
Class of 2022	5,527	2,006	1,204	6,329
Class of 2023	5,151	1,292	1,326	5,117
Class of 2024	4,461	178	601	4,038
Class of 2025	5,758	1,937	-	7,695
Class of 2026	-	2,953	2,059	894
Leo Club	207	-	-	207
BCES SGA	2,352	413	196	2,569
Band Club	384	2,501	2,500	385
Band Club Scholarship	28,656	96	8	28,744
Drama Club	7,095	1	81	7,015
Key Club	496	174	-	670
Music Club	836	-	-	836
Students Against Drunk Driving	1,819	-	-	1,819
Student Government Assn-High School	8,039	346	2,994	5,391
Yearbook-High School	6,006	8,163	6,036	8,133
Robotics Club	1,452	-	-	1,452
Young Entrepreneur's Club	22	-	-	22
PBIS	2,900	-	2,883	17
Environmental Club	486	1,132	467	1,151
Builders Club	479	1	-	480
Interact Club	1,871	-	410	1,461
Cheer Club	2,213	1	-	2,214
Skills for Life	1,403	-	-	1,403
Art Club	143	180	-	323
NYS Sales Tax	(16)	128	-	112
TOTALS	<u>\$ 93,950</u>	<u>\$ 25,911</u>	<u>\$ 31,021</u>	<u>\$ 88,840</u>

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
HIGH SCHOOL EXTRACLASSROOM ACTIVITY FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - DESCRIPTION OF OPERATIONS

Student activity funds are defined by the New York State Education Department as “funds raised other than by taxation, or through charges of a Board of Education, for, by or in the name of a school, student body or any subdivision thereof.”

Activity funds are raised and expended by student bodies to promote the general welfare, education, and morale of all pupils, and to finance the normal, legitimate extracurricular activities of the student body organization.

The Superintendent of the District has responsibility and authority to implement all policies and rules pertaining to the supervision and administration of school activity funds in accordance with established policies and rules of the District’s Board of Education.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The books and records of the High School Extraclassroom Activity Fund of the Fallsburg Central School District are maintained on the cash basis of accounting. Consequently, receipts and related assets are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligation is incurred.

Interest Income

Interest earned from the investment of the activity fund is distributed pro-rata to all activities having a cash balance.

Bank Charges

All bank service charges have been charged to the respective activity fund.

Inactive Accounts

The District’s policy is to transfer account balance of inactive clubs to the Student Council Fund.