

**MAINE-ENDWELL
CENTRAL SCHOOL DISTRICT**

Endwell, New York

FINANCIAL REPORT

**For the Year Ended
June 30, 2020**



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Certified Public Accountants | Business Advisors

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

Board of Education
Maine-Endwell Central School District
Endwell, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Maine-Endwell Central School District (the School District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School District'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 School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, Schedules of School District's Contributions - NYSLRS and NYSTRS Pension Plans, Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability, Schedule of Changes in the School District's Total OPEB Liability and Related Ratios, and related notes on pages 4-4k and 47-55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures - Capital Projects Fund, and Schedule of Net Investment in Capital Assets (supplementary information) on pages 56-58 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 supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2020 on our consideration of the School District'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 15, 2020

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

The following is a discussion and analysis of Maine-Endwell Central School District's (the School District) financial performance for the fiscal year ended June 30, 2020. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The School District recognizes its total other postemployment benefits (OPEB) liability, as well as deferred outflows and deferred inflows of resources related to the OPEB plan in accordance with the parameters of GASB Statement No. 75. "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." Current year recognition resulted in an increase of Government-wide expenses of \$418,634, compared to a decrease of \$458,928 in 2019.
- The School District ended the year with a total net deficit of \$78,218,642, a decrease of \$396,289 from the prior year. Year-end net position was composed of \$4,477,495 in restricted, \$47,081,817 in net investment in capital assets, and \$129,777,954 in unrestricted net deficit. The unrestricted net deficit increased \$2,958,777 from the prior year. Unrestricted net deficit at June 30, 2020 is primarily attributable to recognition of the accumulated OPEB liability of \$131,737,891.
- Revenues exceeded expenses by \$396,289 in 2020, compared to revenues exceeding expenses by \$4,839,655 in 2019.
- The School District records its proportionate share of the net pension asset/liability along with deferred inflows and outflows of resources related to pensions in accordance with the parameters of GASB Statement No. 68. "Accounting and Financial Reporting for Pensions." Current year recognition resulted in an increase of Government-wide expenses of \$2,056,514, compared to a decrease of \$240,432 in 2019.
- The School District had \$37,434,383 in outstanding debt at year end, a decrease of \$5,634,270 from the prior year. This was primarily the result of principal payments on outstanding long-term debt.
- Capital asset additions during 2020 amounted to \$4,588,645 for the purchase of buses, vehicles, equipment, and construction in progress expenditures. Depreciation expense was \$3,255,584 for the current year.
- General Fund budgeted expenditures, including carry-over encumbrances, and other financing uses, were underspent by \$829,621. General Fund revenues and other financing sources exceeded the budgeted amounts by \$127,266.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

- Total General Fund fund balance, including reserves, was \$6,919,447 at June 30, 2020. Unassigned fund balance amounted to \$2,447,552 at year end. This amount was subject to and above the maximum limit (4% of 2020-2021 appropriations) permitted under New York State Real Property Tax Law.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements and supplementary information, both required and not required. The basic financial statements include two kinds of statements that present different views of the School District.

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are Governmental Fund financial statements that focus on individual parts of the School District, reporting the School District's operations in greater detail than the District-wide financial statements. The Governmental Fund financial statements concentrate on the School District's most significant funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year, a Schedule of Changes in the School District's Total OPEB Liability and Related Ratios related to the School District's unfunded actuarial liability for postemployment benefits, and information related to the School District's pension obligations.

District-wide Financial Statements

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

The two District-wide financial statements report the School District's net position and how it has changed.

Net position - the difference between the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the School District's financial health or position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the School District's overall health, one needs to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

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

Governmental Fund Financial Statements

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

- **Governmental Funds:** Most of the School District's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the Governmental Funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, additional information following the Governmental Funds statements explains the relationship (or differences) between them.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the Scholarship Fund and the Extraclassroom Activities Funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

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

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

Figure 1

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2019</i>	<i>2020</i>	<i>2019 - 2020</i>
<i>Current Assets</i>	\$ 5,831,109	\$ 6,767,012	\$ 935,903
<i>Noncurrent Assets</i>	9,206,451	6,429,944	(2,776,507)
<i>Capital Assets, Net</i>	82,657,294	83,990,355	1,333,061
<i>Total Assets</i>	97,694,854	97,187,311	(507,543)
<i>Deferred Charges on Defeased Debt</i>	779,837	525,845	(253,992)
<i>Pensions</i>	9,521,806	9,820,785	298,979
<i>Other Postemployment Benefits</i>	4,472,718	7,423,991	2,951,273
<i>Total Deferred Outflows of Resources</i>	14,774,361	17,770,621	2,996,260
<i>Current Liabilities</i>	10,858,525	11,862,887	1,004,362
<i>Noncurrent Liabilities</i>	161,273,132	165,847,550	4,574,418
<i>Total Liabilities</i>	172,131,657	177,710,437	5,578,780
<i>Pensions</i>	2,759,383	3,413,139	653,756
<i>Other Postemployment Benefits</i>	16,193,106	12,052,998	(4,140,108)
<i>Total Deferred Inflows of Resources</i>	18,952,489	15,466,137	(3,486,352)
<i>Net Investment in Capital Assets</i>	40,368,478	47,081,817	6,713,339
<i>Restricted</i>	7,835,768	4,477,495	(3,358,273)
<i>Unrestricted</i>	(126,819,177)	(129,777,954)	(2,958,777)
<i>Total Net (Deficit)</i>	\$ (78,614,931)	\$ (78,218,642)	\$ 396,289

The increase in current assets is primarily due to an increase in receivables from state and federal sources within the General and School Lunch Funds. The increase in capital assets is the result of current year capital outlay exceeding depreciation. The decrease in noncurrent assets is primarily due to increases in board approved reserve appropriations, which totaled \$3,410,900 in the current year. The changes in deferred outflows of resources - pensions, and deferred inflows of resources - pensions, are related to changes in the actuarially determined proportionate share of the pension systems plans net pension asset/liability and related deferred outflows and inflows of resources.

The decrease in deferred charges on defeased debt is due to amortization of refunding bonds. The increase in current liabilities is primarily due to an increase in accounts payable. The increase in noncurrent liabilities is primarily related to changes in pension and OPEB valuations.

The changes in deferred outflows of resources - OPEB, and deferred inflows of resources - OPEB are primarily due to changes in the actuarial valuation of the School District's OPEB plan.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

Net investment in capital assets increased due to capital outlay and debt principal payments exceeding debt proceeds and depreciation expense for the current year. The decrease in restricted net position is primarily based on large board approved reserve appropriations in the General Fund. Unrestricted net deficit increased based on the change in net pension liability of \$2,056,514, and results of operations. Our analysis in *Figure 2* considers the operations of the School District's activities.

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

Figure 2

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2019</i>	<i>2020</i>	<i>2019 - 2020</i>
REVENUES			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 670,143	\$ 540,642	\$ (129,501)
<i>Operating Grants</i>	2,780,375	2,707,258	(73,117)
<i>Capital Grants</i>	659,100		(659,100)
<i>General Revenues:</i>			
<i>Real Property Taxes</i>	19,669,054	20,352,431	683,377
<i>Real Property Tax Items</i>	4,404,578	4,248,503	(156,075)
<i>State Sources</i>	26,984,090	26,754,269	(229,821)
<i>Use of Money and Property</i>	332,670	93,741	(238,929)
<i>Other General Revenues</i>	648,441	856,573	208,132
Total Revenues	\$ 56,148,451	\$ 55,553,417	\$ (595,034)
PROGRAM EXPENSES			
<i>General Support</i>	\$ 7,748,353	\$ 7,795,557	\$ 47,204
<i>Instruction</i>	37,885,593	41,617,056	3,731,463
<i>Pupil Transportation</i>	3,068,674	3,083,470	14,796
<i>School Lunch Program</i>	1,309,144	1,451,374	142,230
<i>Interest on Debt</i>	1,297,032	1,209,671	(87,361)
Total Expenses	\$ 51,308,796	\$ 55,157,128	\$ 3,848,332
CHANGE IN NET POSITION	\$ 4,839,655	\$ 396,289	\$ (4,443,366)

Total revenues for the School District's Governmental Activities decreased 1.1%, while total expenses increased 7.5%. The decrease in revenue is primarily due to decreases in basic state formula aid, SMART school state aid, and basic state aid, partly offset by an increase in real property taxes. The increase in total expenses is primarily due to the expenses related to GASB Statement No. 68 in comparison to the prior year.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

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

Figure 3

Sources of Revenue for 2020

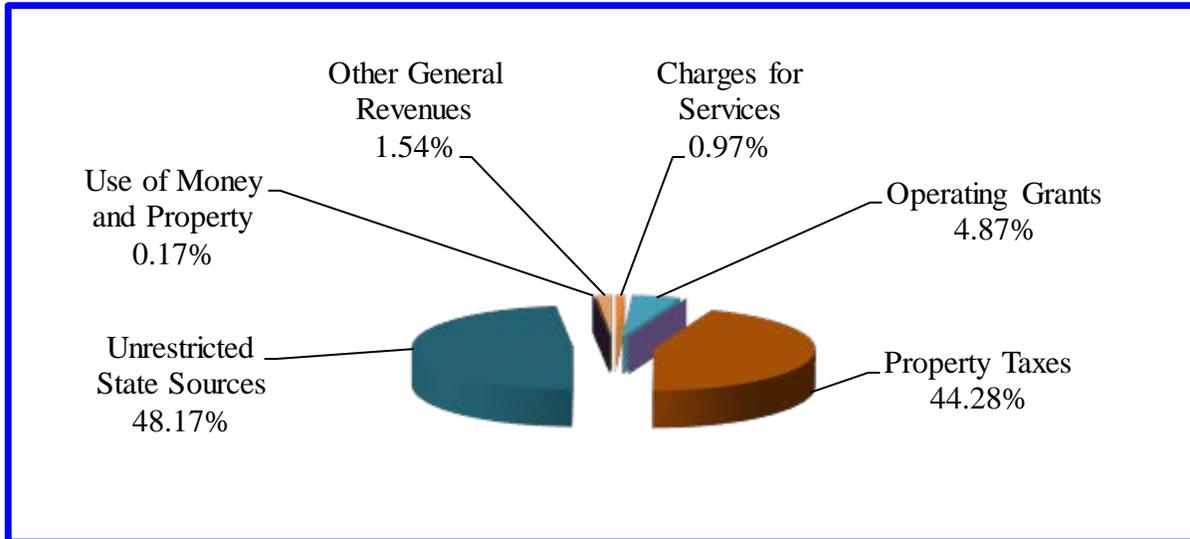
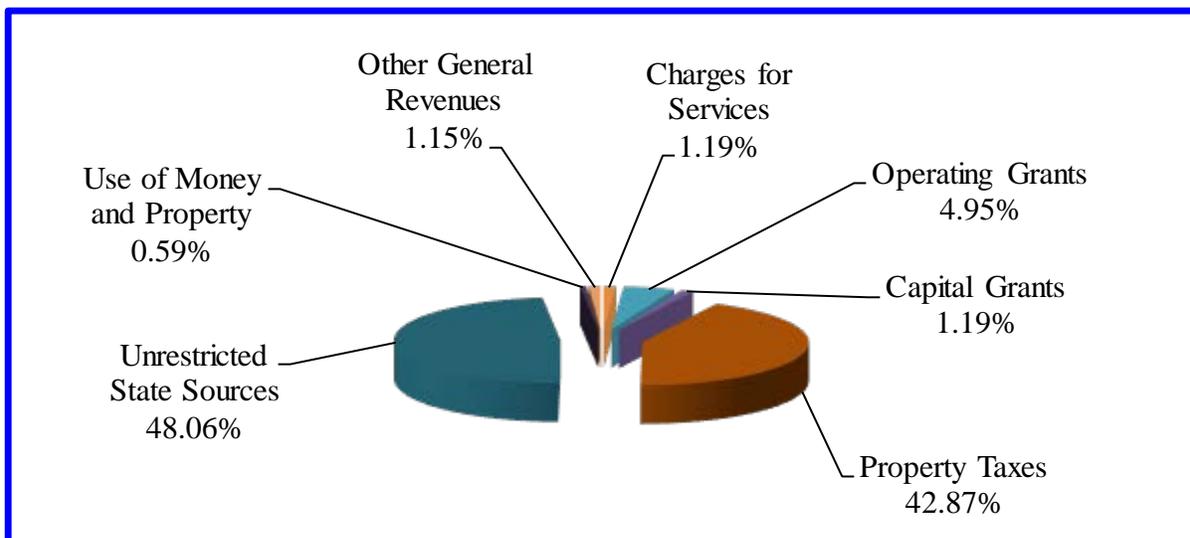


Figure 4

Sources of Revenue for 2019



MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

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

Figure 5

Cost of Programs for 2020

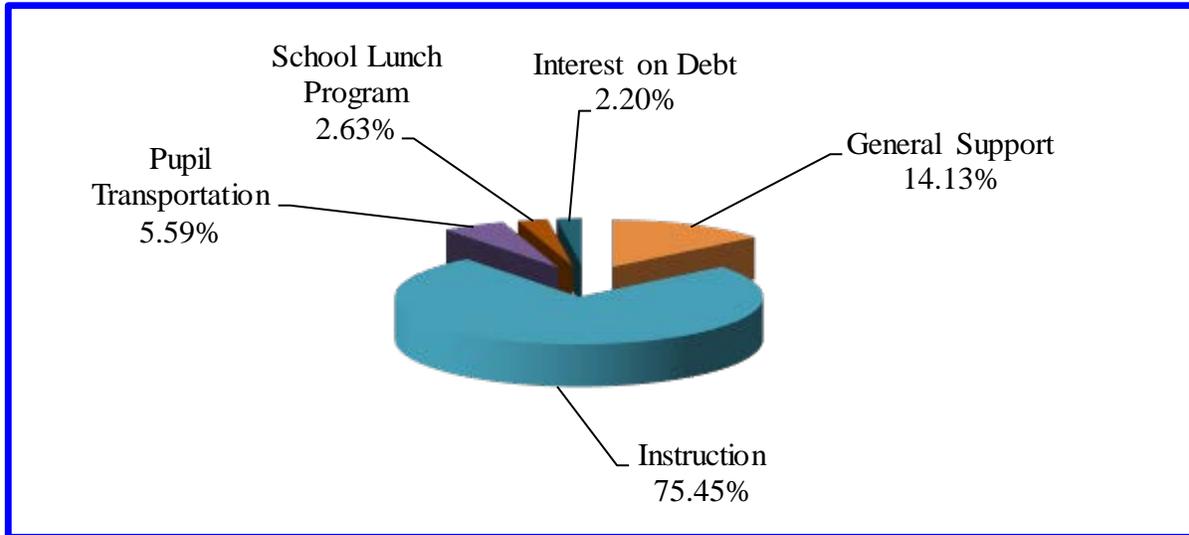
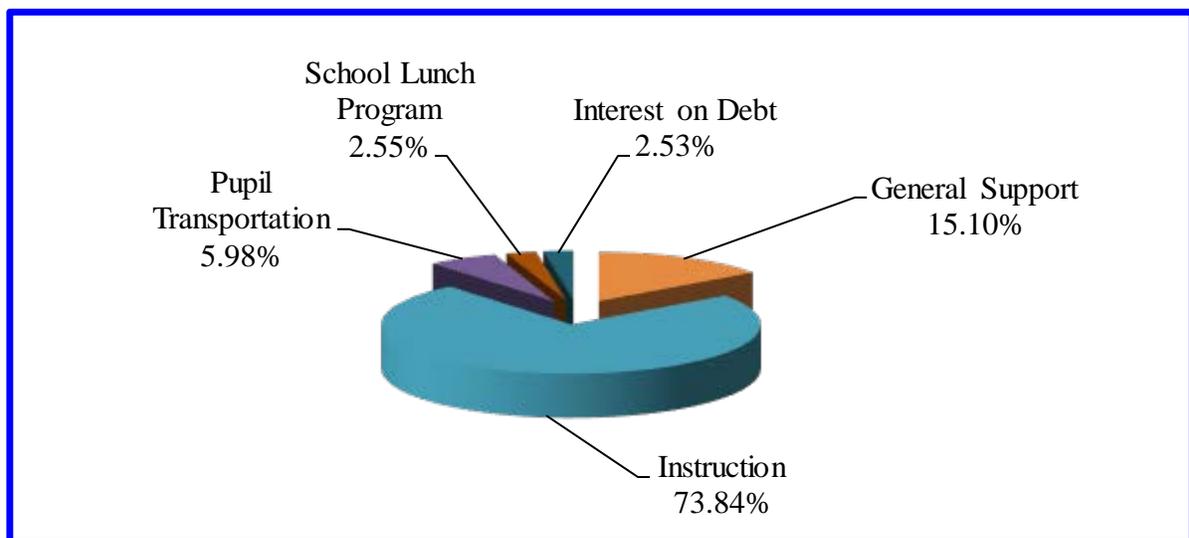


Figure 6

Cost of Programs for 2019



MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Figure 7 shows the changes in total fund balances for the year for the School District's Governmental funds. The School District experienced a decrease in total funds balance, which is primarily attributable to excess expenditures and other uses over revenues and other sources in both the General Fund and Capital Projects Fund - Construction.

Figure 7

<i>Governmental Fund Balances</i>	<i>2019</i>	<i>2020</i>	<i>Total Dollar Change 2019 - 2020</i>
<i>General Fund</i>	\$ 9,318,372	\$ 6,919,447	\$ (2,398,925)
<i>School Lunch Fund</i>	232,568	60,023	(172,545)
<i>Debt Service Fund</i>	272,158	343,655	71,497
<i>Capital Projects Fund - Construction</i>	161,741	(1,493,144)	(1,654,885)
<i>Capital Projects Fund - Buses</i>	(1,492,639)	(1,454,530)	38,109
<i>Total Governmental Funds</i>	\$ 8,492,200	\$ 4,375,451	\$ (4,116,749)

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Superintendent approves budgetary transfers that revise the School District budget line items and the board reviews the transfers. In addition, during the year the budget was amended. These budget amendments consisted of appropriated reserves, gifts and donations, and unanticipated state aid, which increased the budget \$2,679,074. Even with these adjustments, the School District received more revenue than budgeted; primarily from additional interest earned and increases in state aid. The actual charges to appropriations (expenditures) were below the final budget amounts. Expenditures were under budget due to lower than expected costs related to instructional salaries, contractual expenses, and employee benefits.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

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

Figure 8

<i>Condensed Budgetary Comparison General Fund - 2020</i>	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Favorable (Unfavorable) Variance</i>
REVENUES				
<i>Real Property Taxes</i>	\$ 24,374,532	\$ 20,353,460	\$ 20,352,431	\$ (1,029)
<i>Other Tax Items</i>	230,998	4,252,070	4,248,503	(3,567)
<i>State Sources</i>	27,085,217	27,160,217	27,087,965	(72,252)
<i>Other, Including Financing Sources</i>	1,027,347	1,056,421	1,260,535	204,114
Total Revenues and Other Financing Sources	\$ 52,718,094	\$ 52,822,168	\$ 52,949,434	\$ 127,266
Appropriated Fund Balances	\$ 863,867	\$ 3,438,867		
EXPENDITURES				
<i>General Support</i>	\$ 4,923,064	\$ 4,850,514	\$ 4,690,989	\$ 159,525
<i>Instruction</i>	24,641,739	25,511,551	25,199,433	312,118
<i>Pupil Transportation</i>	1,824,405	1,671,160	1,629,680	41,480
<i>Employee Benefits</i>	14,963,000	14,595,897	14,285,300	310,597
<i>Debt Service</i>	7,064,753	7,064,753	7,064,130	623
<i>Other Financing Uses</i>	165,000	2,567,160	2,561,882	5,278
Total Expenditures and Other Financing (Uses)	\$ 53,581,961	\$ 56,261,035	\$ 55,431,414	\$ 829,621

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2020, the School District had invested in a broad range of capital assets totaling \$117,719,058 offset by accumulated depreciation of \$33,728,703. Figure 9 shows the changes in the School District's capital assets.

Figure 9

<i>Changes in Capital Assets</i>	<i>2019</i>	<i>2020</i>	<i>Total Dollar Change 2019 - 2020</i>
<i>Land</i>	\$ 695,899	\$ 695,899	\$ -
<i>Construction in Progress</i>	1,142,523	4,700,323	3,557,800
<i>Buildings, Net</i>	77,845,073	75,657,405	(2,187,668)
<i>Equipment, Net</i>	2,973,799	2,936,728	(37,071)
Total	\$ 82,657,294	\$ 83,990,355	\$ 1,333,061

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

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

Land, Equipment, Buildings, and Improvements	\$ 4,588,645
Less Depreciation Expense	<u>(3,255,584)</u>
Net Change in Capital Assets	<u>\$ 1,333,061</u>

Additional major capital projects will be required in accordance with the School District's long range renovation plan.

Debt Administration

Debt, both short and long-term, considered a liability of Governmental Activities, decreased, as shown in *Figure 10*. The decrease resulted mostly from the repayment of serial bonds. Total bonded indebtedness represented 41.6% of the constitutional debt limit, exclusive of building aid estimates.

Figure 10

<i>Outstanding Debt</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2019</i>	<i>2020</i>	<i>2019 - 2020</i>
<i>Bond Anticipation Notes</i>	\$ 1,492,639	\$ 1,454,530	\$ (38,109)
<i>Serial Bonds</i>	41,576,014	35,979,853	(5,596,161)
<i>Total</i>	\$ 43,068,653	\$ 37,434,383	\$ (5,634,270)

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

The School District's bond rating is Aaa, which did not change from the prior year.

Other obligations of the School District include accrued vacation pay and sick leave, and other postemployment benefits (OPEB) for retired employees. More detailed information about the School District's long-term liabilities is presented in the notes to the financial statements.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- The School District has an approved capital project totaling \$15,329,000. Work has started in May 2020 and will continue through Fall of 2021.
- The School District has an approved Energy Performance Contract totaling \$6,506,636 for a solar land array project on 16 acres of contiguous land near Maine Memorial Elementary School, Maine NY. Work will be completed in the Winter of 2020.
- GASB Statement No. 75 requires an actuarial calculation of health insurance obligations for retired employees. This computation was required and initiated in the 2017-2018 fiscal year and could impact the School District's bond rating in future years,
- Expected increases in costs for health insurance, employee and teacher retirement systems, and fuel costs remain factors bearing on the School District's future, specifically, the 2020-2021 budget.
- The state imposed 2% tax levy limit is making it more difficult for school districts to raise revenues in years when expenses trend higher due to pension cost increases, health insurance increases, and other expenses we do not have direct control over. School districts that have attempted to go over the tax levy limit with the state required 60% budget approval have not fared well statewide. This will make it more difficult for schools to balance budgets when state aid increases lag behind expenditure increases in any given year.
- School District management is pleased with the passage of the 2020-21 budget of \$54,190,263. The budget increased by 1.25% from the previous year. The approval rate was 73.0%, which represents a broad public base of support for the spending plan from our community.
- School District management has made a diverse range of operational adjustments in response to the effects of COVID-19. These adjustments are numerous but include moving to remote instruction including students with disabilities, and food distribution to ensure adequate feeding of students.
- As the pandemic continues to evolve, the School District will also incur additional costs associated with complying with new safety regulations.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

- Fiscally, the COVID pandemic has created a high degree of uncertainty. Because a large percentage of the School District's revenues are obtained through federal and state funding, the School District will adjust and update the budget in conjunction with changes to these funding sources. The Federal CARES Act has offset any reduction in state aid thus far; however, the state has reserved the right to adjust state aid in the 2020-21 fiscal year. If state revenues are below projections and the federal government does not provide additional aid to the state, then there may be a reduction in aid to school districts. The implications of coronavirus will be long term; we expect changes to federal and state funding as well as pension contributions. The extent of these adjustments will be dependent on the length of time it takes for full economic recovery.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Maine-Endwell Central School District, at 712 Farm to Market Road, Endwell, New York.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2020

ASSETS

Current Assets

Cash - Unrestricted	\$ 2,904,422
Cash - Restricted	346,717
Receivables:	
State and Federal Aid	1,806,212
Due from Other Governments	1,511,979
Other	100,967
Inventories	91,715
Prepaid Items	5,000
Total Current Assets	6,767,012

Noncurrent Assets

Restricted Cash	4,133,840
Net Pension Asset - Proportionate Share	2,296,104
Land and Other Nondepreciable Capital Assets	5,396,222
Capital Assets, Net	78,594,133
Total Noncurrent Assets	90,420,299
Total Assets	97,187,311

DEFERRED OUTFLOWS OF RESOURCES

Deferred Charges on Defeased Debt	525,845
Pensions	9,820,785
Other Postemployment Benefits	7,423,991
Total Deferred Outflows of Resources	17,770,621

LIABILITIES

Current Liabilities

Accounts Payable	2,841,852
Accrued Liabilities	144,472
Due to Other Governments	51
Bond Interest and Matured Bonds	55,740
Due to Teachers' Retirement System	1,412,554
Due to Employees' Retirement System	152,487
Bond Anticipation Notes Payable	1,454,530
Unearned Revenue	59,354
Current Portion of Long-Term Obligations:	
Bonds Payable	5,741,847
Total Current Liabilities	11,862,887

See Notes to Basic Financial Statements

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION (Continued)

JUNE 30, 2020

LIABILITIES (continued)

Noncurrent Liabilities and Obligations

Bonds Payable	<u>\$ 30,238,006</u>
Compensated Absences Payable	<u>752,568</u>
Other Postemployment Benefits Liabilities	<u>131,737,891</u>
Net Pension Liability - Proportionate Share	<u>3,119,085</u>
Total Noncurrent Liabilities and Obligations	<u>165,847,550</u>

Total Liabilities 177,710,437

DEFERRED INFLOWS OF RESOURCES

Pensions	<u>3,413,139</u>
Other Postemployment Benefits	<u>12,052,998</u>

Total Deferred Inflows of Resources 15,466,137

NET POSITION

Net Investment in Capital Assets	<u>47,081,817</u>
Restricted	<u>4,477,495</u>
Unrestricted Net (Deficit)	<u>(129,777,954)</u>

Total Net (Deficit) **\$ (78,218,642)**

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants	Revenue and Changes in Net Position
General Support	\$ 7,795,557	\$	\$	\$ (7,795,557)
Instruction	41,617,056	292,110	1,775,609	(39,549,337)
Pupil Transportation	3,083,470			(3,083,470)
School Lunch Program	1,451,374	248,532	931,649	(271,193)
Interest on Debt	1,209,671			(1,209,671)
Total Functions and Programs	\$ 55,157,128	\$ 540,642	\$ 2,707,258	\$ -

GENERAL REVENUES

Real Property Taxes	20,352,431
Real Property Tax Items	4,248,503
Use of Money and Property	93,741
Unrestricted State Sources	26,754,269
Sale of Property and Compensation for Loss	10,564
Miscellaneous	846,009

Total General Revenues 52,305,517

Change in Net Position 396,289

Total Net (Deficit) - Beginning of Year (78,614,931)

Total Net (Deficit) - End of Year **\$ (78,218,642)**

See Notes to Basic Financial Statements

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2020

	Major Funds		
	General Fund	Special Aid Fund	Special Revenue Funds School Lunch Fund
ASSETS			
Cash - Unrestricted	\$ 1,562,217	\$ 31,174	\$
Cash - Restricted	4,133,840		3,062
Receivables:			
Due From Other Funds	1,574,998		10,509
State and Federal Aid	1,215,221	515,435	75,556
Due from Other Governments	1,511,979		
Other	100,253		714
Inventories			91,715
Prepaid items	5,000		
Total Assets	\$ 10,103,508	\$ 546,609	\$ 181,556
LIABILITIES			
Payables:			
Accounts Payable	\$ 1,010,559	\$ 354	\$ 4,166
Accrued Liabilities	137,851		6,621
Due to Other Funds	10,509	517,179	80,417
Due to Other Governments			51
Due to Teachers' Retirement System	1,412,554		
Due to Employees' Retirement System	152,487		
Bond Anticipation Notes Payable			
Unearned Revenue		29,076	30,278
Total Liabilities	2,723,960	546,609	121,533
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - State Aid	460,101		
FUND BALANCES			
Nonspendable	5,000		91,715
Restricted	4,133,840		
Assigned	333,055		
Unassigned	2,447,552		(31,692)
Total Fund Balances (Deficit)	6,919,447	-	60,023
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,103,508	\$ 546,609	\$ 181,556

See Notes to Basic Financial Statements

Major Funds

Debt Service Fund	Capital Projects - Construction Fund	Capital Projects - Bus Fund	Total Governmental Funds
\$	\$ 1,311,031	\$	\$ 2,904,422
343,655			4,480,557
			1,585,507
			1,806,212
			1,511,979
			100,967
			91,715
			5,000
\$ 343,655	\$ 1,311,031	\$ -	\$ 12,486,359
\$	\$ 1,826,773	\$	\$ 2,841,852
			144,472
	977,402		1,585,507
			51
			1,412,554
			152,487
		1,454,530	1,454,530
			59,354
-	2,804,175	1,454,530	7,650,807
			460,101
			96,715
343,655			4,477,495
			333,055
	(1,493,144)	(1,454,530)	(531,814)
343,655	(1,493,144)	(1,454,530)	4,375,451
\$ 343,655	\$ 1,311,031	\$ -	\$ 12,486,359

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2020

Fund Balances (Deficit) - Total Governmental Funds **\$ 4,375,451**

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

Capital assets, net of accumulated depreciation, used in Governmental Activities are not current financial resources and, therefore, are not reported in the funds.

Total Historical Cost	\$ 117,719,058	
Less Accumulated Depreciation	(33,728,703)	83,990,355

The School District's proportion of the collective net pension asset/liability is not reported in the funds.

TRS Net Pension Asset - Proportionate Share	\$ 2,296,104	
ERS Net Pension Liability - Proportionate Share	(3,119,085)	(822,981)

Deferred outflows of resources, including deferred charges on defeased debt, OPEB, and pensions, represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including unavailable revenue, OPEB, and pensions, represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.

Unavailable Revenue	\$ 460,101	
Unamortized Deferred Charges on Defeased Debt	525,845	
TRS Deferred Inflows of Resources - Pension	(3,338,390)	
ERS Deferred Inflows of Resources - Pension	(74,749)	
Other Postemployment Benefits Deferred Inflows	(12,052,998)	
TRS Deferred Outflows of Resources - Pension	7,696,531	
ERS Deferred Outflows of Resources - Pension	2,124,254	
Other Postemployment Benefits Deferred Outflows	7,423,991	2,764,585

Proceeds of debt are reported as revenue in the Governmental Funds, but issuance of debt increases the balance of obligations payable in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Bonds Payable	\$ (33,585,000)	
Unamortized Bond Premium	(2,394,853)	(35,979,853)

Certain accrued obligations and expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in the funds.

Other Postemployment Benefits Liabilities	\$ (131,737,891)	
Compensated Absences	(752,568)	(132,490,459)

Interest is accrued on outstanding balances of debt obligations in the District-wide financial statements.

Accrued Interest on Long-Term Debt		(55,740)
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Net (Deficit) of Governmental Activities **\$ (78,218,642)**

See Notes to Basic Financial Statements

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	Major Funds		
	General Fund	Special Revenue Funds	
		Special Aid Fund	School Lunch Fund
REVENUES			
Real Property Taxes	\$ 20,352,431	\$	\$
Other Tax Items	4,248,503		
Charges for Services	175,396		
Use of Money and Property	92,505		30
Sale of Property and Compensation for Loss	10,564		
Miscellaneous	846,009	35,754	286
State Sources	27,087,965	402,972	130,689
Federal Sources	116,714	1,003,593	738,707
Surplus Food			62,253
Sales - School Lunch			248,246
Total Revenues	52,930,087	1,442,319	1,180,211
EXPENDITURES			
General Support	4,654,199	16,000	
Instruction	25,165,076	1,309,054	657,525
Pupil Transportation	1,625,856		
Employee Benefits	14,277,216	168,425	245,539
Debt Service:			
Principal	5,391,624		
Interest	1,672,506		
Cost of Sales			460,414
Capital Outlay			
Total Expenditures	52,786,477	1,493,479	1,363,478
Excess (Deficiency) of Revenues Over Expenditures	143,610	(51,160)	(183,267)
OTHER FINANCING SOURCES AND (USES)			
Redeemed from Appropriations			
Premiums on Obligations			
Operating Transfers In	19,347	51,160	10,722
Operating Transfers (Out)	(2,561,882)		
Total Other Sources (Uses)	(2,542,535)	51,160	10,722
Net Change in Fund Balance	(2,398,925)	-	(172,545)
Fund Balances (Deficit) - Beginning of Year	9,318,372		232,568
Fund Balances (Deficit) - End of Year	\$ 6,919,447	\$ -	\$ 60,023

See Notes to Basic Financial Statements

Major Funds

Debt Service Fund	Capital Projects - Construction Fund	Capital Projects - Bus Fund	Total Governmental Funds
\$	\$	\$	\$ 20,352,431
			4,248,503
			175,396
1,206			93,741
			10,564
			882,049
			27,621,626
			1,859,014
			62,253
			248,246
1,206	-	-	55,553,823
			4,670,199
			27,131,655
			1,625,856
			14,691,180
			5,391,624
			1,672,506
			460,414
	4,079,222	438,241	4,517,463
-	4,079,222	438,241	60,160,897
1,206	(4,079,222)	(438,241)	(4,607,074)
		476,624	476,624
13,701			13,701
75,937	2,500,000		2,657,166
(19,347)	(75,663)	(274)	(2,657,166)
70,291	2,424,337	476,350	490,325
71,497	(1,654,885)	38,109	(4,116,749)
272,158	161,741	(1,492,639)	8,492,200
\$ 343,655	\$ (1,493,144)	\$ (1,454,530)	\$ 4,375,451

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

Net Change in Fund Balances - Total Governmental Funds	\$	(4,116,749)
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p> <p>Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital Outlay	\$ 4,558,645	
Depreciation Expense	<u>(3,225,584)</u>	1,333,061
<p>Long-term debt proceeds, and related issuance costs and deferred amounts on refunding, provide current financial resources to Governmental Funds, but issuing debt and the related premiums increase long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		
Repayment of Bond Principal		4,915,000
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(406)
<p>The issuance of refunding bonds results in a deferral of the change in the amount of debt. The deferred amount is amortized annually.</p>		
Amortization of Deferred Charges on Defeased Debt		(253,992)
<p>Long-term liabilities, such as those associated with employee benefits, are reported in the Statement of Net Position. Therefore, activity which results in an (increase) or decrease in these long-term liabilities is not reflected in the Governmental Fund financial statements.</p>		
Compensated Absences	\$ 291,397	
Other Postemployment Benefits Liability	<u>(418,634)</u>	(127,237)
<p>Interest on long-term debt in the Statement of Activities differs from the amount reported in the Governmental Funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as interest accrues, regardless of when it is due. Additional interest reported in the Statement of Activities is a result of accrued interest on bonds, BANs, and amortization of bond premiums.</p>		
Changes in Accrued Interest		21,965
<p>Premiums received on obligations are recorded as revenues in the Governmental Funds when received, but are deferred and amortized in the Governmental Activities. This is the amortization of premiums received in previous years, and the adjustment for premiums received in the current year.</p>		
Amortization of Bond Premium		681,161
<p>Changes in the School District's proportionate share of net pension assets/liabilities have no effect on current financial resources and, therefore, are not reported in the Governmental Funds. In addition, changes in the School District's deferred outflows and deferred inflows related to pensions do not affect current financial resources and are also not reported in the Governmental Funds.</p>		
ERS	\$ (543,349)	
TRS	<u>(1,513,165)</u>	<u>(2,056,514)</u>
Net Change in Net Position of Governmental Activities	\$	<u>396,289</u>

See Notes to Basic Financial Statements

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS JUNE 30, 2020

	Private Purpose Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash - Unrestricted	\$	\$ 114,537
Cash - Restricted	<u>37,762</u>	
Investments - Unrestricted		<u>25,625</u>
Total Assets	<u>37,762</u>	<u>\$ 140,162</u>
LIABILITIES		
Extraclassroom Activity Funds		\$ 76,705
Accounts Payable		<u>63,457</u>
Total Liabilities	<u>-</u>	<u>\$ 140,162</u>
NET POSITION		
Restricted for Scholarships	<u>\$ 37,762</u>	

See Notes to Basic Financial Statements

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND FOR THE YEAR ENDED JUNE 30, 2020

	Private Purpose Trust Fund
	<hr/>
ADDITIONS	
Gifts and Contributions	\$ 24,055
Investment Earnings	349
	<hr/>
Total Additions	24,404
	<hr/>
DEDUCTIONS	
Scholarships and Awards	6,300
	<hr/>
Change in Net Position	18,104
	<hr/>
Net Position - Beginning of Year	19,658
	<hr/>
Net Position - End of Year	\$ 37,762
	<hr/> <hr/>

See Notes to Basic Financial Statements

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 1 **Summary of Significant Accounting Policies**

The accompanying financial statements of Maine-Endwell Central School District (the School District) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) for governments, as prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

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 School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education (Board) consisting of 7 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the School District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The financial reporting entity consists of the following, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," as amended.

- The primary government, which is the Maine-Endwell Central School District;
- Organizations for which the primary government is financially accountable, and;
- Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Extraclassroom Activity Funds are included in the School District's reporting entity.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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

Reporting Entity - Continued

The Extraclassroom Activity Funds of the 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. While the Extraclassroom Activity Funds are not considered a component unit of the School District, due to the School District's fiduciary responsibility in relation to the funds, they are reported in the School District's Agency Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from Maine-Endwell Central School District's Business Office, located at 712 Farm-to-Market Road, Endwell, NY 13760.

Joint Venture

The School District is one of 15 component school districts in the Broome-Tioga 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. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

Separate financial statement of Broome-Tioga BOCES may be obtained by contacting the administrative office at 435 Glenwood Rd., Binghamton, NY 13905.

Basis of Presentation - District-wide Financial Statements

The Statement of Net Position and the Statement of Activities present financial information about the School 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, while the capital grants column reflects capital-specific grants.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

Basis of Presentation - District-wide Financial Statements - Continued

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's Governmental Activities. Direct expenses are those that are specifically associated with and clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the School District's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Basis of Presentation - Governmental Fund Financial Statements

The Governmental Fund financial statements provide information about the School District's funds, including Fiduciary Funds. Separate statements for each fund category (Governmental and Fiduciary) are presented. The emphasis of Governmental Fund financial statements is on Major Governmental Funds, each displayed in a separate column.

The School District reports the following Major Governmental Funds:

- **General Fund:** The School District's primary operating fund. It accounts for all financial transactions not required to be accounted for in another fund.
- **Special Revenue Funds:** These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:
 - **Special Aid Fund:** Accounts for proceeds received from state and federal grants that are restricted for special educational programs.
 - **School Lunch Fund:** Accounts for revenues and expenditures in connection with the School District's food service program.
- **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.
- **Capital Projects - Construction Fund:** Accounts for the financial resources used for the construction of the educational complexes.
- **Capital Projects - Bus Fund:** Accounts for the financial resources used for the purchase of buses.

Fiduciary Activities are those for which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the School District and are not available to be used.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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

Basis of Presentation - Governmental Fund Financial Statements - Continued

The School District reports the following Fiduciary Funds:

- Private-Purpose Trust Fund: Accounts for Scholarship Funds awarded to individual students. These activities, and those of the Agency Funds described below, are not included in the District-wide financial statements because their resources do not belong to the School District and are not available to be used.
- Agency Funds: Strictly custodial in nature and do not involve measurement of results of operations. Assets are held by the School District as agent for various student groups or Extraclassroom Activity Funds and for payroll or employee withholding.

Measurement Focus and Basis of Accounting

The District-wide and Fiduciary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the School 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 financial 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 School District considers all revenues reported in the Governmental Funds to be available if the revenues are collected within 90 days after the end of the fiscal year, except for BOCES aid, which is accrued only if receivable within 60 days after the end of the fiscal year.

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

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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

Cash and Investments

The School District's cash, and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts. Investments are stated at fair value.

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, as it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

Due To/From Other 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.

Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates fair value. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. Prepaid items represent payments made by the School District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and Governmental Fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of fund balance equal to inventories and prepaid amounts is reported as nonspendable, as these assets are not in spendable form in the current period.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the District-wide financial statements are listed below.

Depreciation is calculated using the straight-line method.

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	40 Years
Improvements	5,000	20 - 30 Years
Furniture and Equipment	5,000	5 - 12 Years

Vested Employee Benefits - Compensated Absences

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

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

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

Consistent with GASB Statement Number 16, "Accounting for Compensated Absences," the liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

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

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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

Postemployment Benefits

School 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 School District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School 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 School District and the retired employee. The School District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund, in the year paid.

The School District follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The School District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 10 for additional information.

Unearned Revenue and Unavailable Revenue

Unearned revenues arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the School District has legal claim to the resources, the liability for deferred revenues is removed and revenues are recorded.

The Governmental Fund financial statements report unavailable revenues when potential revenues do not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the deferred inflow of resources is removed and revenues are recorded.

Statute provides the authority for the School District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports 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 School District reports deferred charges on defeased debt resulting from the difference in the carrying value of refunded debt and its reacquisition price, which is amortized over the shorter of the life of the refunded or refunding debt. See Note 7 for details. The School District also reports deferred outflows of resources related to pensions and OPEB plans in the District-wide Statement of Net Position. The types of deferred outflows of resources related to pensions and OPEB plans are described in Notes 9 and 10, respectively.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The School District reports deferred inflows of resources related to pensions and OPEB plans which are further described in Notes 9 and 10, respectively. Additionally, unavailable revenue is reported on the Balance Sheet. Unavailable revenues from state aid will be paid by the state “when funds become available.” These amounts are deferred and recognized as an inflow of resources in the period amounts become available.

Accrued Liabilities and Long-Term Obligations

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

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

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net resources are available, it is the School District’s policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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

Equity Classifications - District-wide financial statements

Equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of net resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists of all other net resources that do not meet the definition of “restricted” or “net investment in capital assets.”

Equity Classifications - Governmental Fund Financial Statements

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- Nonspendable - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowment principal.
- Restricted - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the School District’s legally adopted reserves are reported here.
- Committed - Consists of amounts subject to a purpose constraint imposed by formal action of the government’s highest level of decision-making authority prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.
- Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the government’s highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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

Equity Classifications - Governmental Fund Financial Statements - Continued

- Unassigned - Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain in the General Fund to no more than 4% of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4% limitation. The 4% limitation is applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

The Board of Education of the School District has not adopted any resolutions to commit fund balance. By resolution, the Board of Education authorized the Assistant Superintendent for Business to assign fund balance. The School District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

Legally Adopted Reserves

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. These reserve funds are established through board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. These reserves are reported in the fund financial statements as Restricted Fund Balance. Reserves currently in use by the School District include the following:

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

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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

Legally Adopted Reserves - Continued

- Mandatory Reserve for Debt Service (GML§ 6-1) - Used to establish a reserve for the purpose of retiring outstanding obligations upon the sale of School District property or capital improvements financed by obligations which remain outstanding at the time of sale. Funding of this reserve is from the proceeds of the sale of School District property or capital improvements. This reserve is accounted for in the Debt Service Fund.
- Employee Benefit Accrued Liability Reserve (GML § 6-p) - Used to reserve funds for payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.
- Tax Certiorari Reserve (Education Law § 3651.1-a) - Used to establish a Reserve Fund for tax certiorari and to expend from the fund without voter approval. Monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund.
- Unemployment Insurance Reserve (GML § 6-m) - Used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other Reserve Fund. This reserve is accounted for in the General Fund.
- Retirement Contribution Reserve (GML § 6-r) - Used to reserve funds for the purpose of financing retirement contributions. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 15, 2019. Taxes were collected during the period September 3, 2019 to November 1, 2019.

Uncollected real property taxes are subsequently enforced by the Counties of Tioga and Broome. 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 following April 1.

Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers, to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds for interfund transfers have been eliminated from the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these notes.

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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

Future Changes in Accounting Standards

- GASB has issued Statement No. 84, "Fiduciary Activities," effective for the year ending June 30, 2021. This statement improves guidance regarding identification of fiduciary activities for accounting and reporting purposes.
- GASB has issued Statement No. 87, "Leases," effective for the year ending June 30, 2022.
- GASB has issued Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period," effective for the year ending June 30, 2022.
- GASB has issued Statement No. 90, "Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61," effective for the year ending June 30, 2021.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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

Future Changes in Accounting Standards - Continued

- GASB has issued Statement No. 91, “Conduit Debt Obligations” effective for the year ending June 30, 2023.
- GASB has issued Statement No. 92 “Omnibus 2020,” effective for the year ending June 30, 2022.

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

***Note 2* Participation in BOCES**

During the year ended June 30, 2020, the School District’s share of BOCES income amounted to \$3,175,855. The School District was billed \$9,102,653 for BOCES administration, program costs and capital costs. Financial statements for Broome-Tioga BOCES are available from the BOCES administrative office at 435 Glenwood Rd., Binghamton, NY 13905.

***Note 3* Cash and Cash Equivalents - Custodial Credit and Concentration of Credit**

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

GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the School District’s name.

The School District’s aggregate bank balances of \$7,628,453, are either insured or collateralized with securities held by the pledging financial institution in the School District’s name.

The School District’s cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District’s investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state.

Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 3 Cash and Cash Equivalents - Custodial Credit and Concentration of Credit - Continued

The School District has few investments (primarily donated scholarship funds and United States Treasury obligations) and chooses to disclose its investments by specifically identifying each. The School District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value. The School District had investments in certificates of deposit with a cost and fair market value of \$25,625.

Restricted cash and investments at June 30, 2020 consisted of the following:

General Fund Reserves	\$ 4,133,840
Restricted for School Lunch	3,062
Restricted for Debt	343,655
Subtotal	4,480,557
 Private Purpose Trust Fund	 37,762
 Total	 \$ 4,518,319

Note 4 Interfund Balances and Activity

Interfund balances at June 30, 2020, are as follows:

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	\$ 1,574,998	\$ 10,509	\$ 19,347	\$ 2,561,882
Special Aid Fund		517,179	51,160	
School Lunch Fund	10,509	80,417	10,722	
Capital Projects - Construction Fund		977,402	2,500,000	75,663
Capital Projects - Buses Fund				274
Debt Service Fund			75,937	19,347
 Total	 \$ 1,585,507	 \$ 1,585,507	 \$ 2,657,166	 \$ 2,657,166

Interfund receivables and payables are eliminated on the Statement of Net Position.

The School District typically transfers from the General Fund to the Special Aid Fund to fund the School District's share of the cost to accommodate the mandated accounting for the School District's share of expenditures of a Special Aid Fund project and to and from the Debt Service Fund for the payment of long-term debt. The School District also transfers funds from the Capital Reserve in the General Fund to Capital Projects Funds, as needed, to fund capital projects. Periodically, the School District transfers funds as needed to subsidize the School Lunch Fund.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 4 Interfund Balances and Activity - Continued

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

Note 5 Capital Assets

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassifications and Disposals</u>	<u>Ending Balance</u>
Capital Assets That are not Depreciated:				
Land	\$ 695,899	\$	\$	\$ 695,899
Construction in Progress	1,142,523	4,079,222	(521,422)	4,700,323
Total Nondepreciable Historical Cost	<u>1,838,422</u>	<u>4,079,222</u>	<u>(521,422)</u>	<u>5,396,222</u>
Capital Assets That are Depreciated:				
Buildings	104,075,590		521,422	104,597,012
Furniture and Equipment	7,500,633	509,423	(284,232)	7,725,824
Total Depreciable Historical Cost	<u>111,576,223</u>	<u>509,423</u>	<u>237,190</u>	<u>112,322,836</u>
Total Historical Cost	<u>113,414,645</u>	<u>4,588,645</u>	<u>(284,232)</u>	<u>117,719,058</u>
Less Accumulated Depreciation:				
Buildings	(26,230,517)	(2,709,090)		(28,939,607)
Furniture and Equipment	(4,526,834)	(546,494)	284,232	(4,789,096)
Total Accumulated Depreciation	<u>(30,757,351)</u>	<u>(3,255,584)</u>	<u>284,232</u>	<u>(33,728,703)</u>
Total Historical Cost, Net	<u>\$ 82,657,294</u>	<u>\$ 1,333,061</u>	<u>\$ -</u>	<u>\$ 83,990,355</u>

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 1,951,382
Instruction	859,060
Pupil Transportation	401,476
School Lunch Program	<u>43,666</u>
Total Depreciation Expense	<u>\$ 3,255,584</u>

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 6 Short-term Debt

The School District may issue revenue anticipation notes (RANs) and tax anticipation notes (TANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. The School District did not issue or redeem any RANs or TANs during the year.

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

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

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2020</u>
Bus BAN	10/03/2019	10/02/2020	1.49%	\$ 1,454,530
Total				<u>\$ 1,454,530</u>

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Refinanced/ Redeemed</u>	<u>Ending Balance</u>
BANs	\$ 1,492,639	\$ 1,454,530	\$ (1,492,639)	\$ 1,454,530
Total	<u>\$ 1,492,639</u>	<u>\$ 1,454,530</u>	<u>\$ (1,492,639)</u>	<u>\$ 1,454,530</u>

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 6 Short-term Debt - Continued

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

Interest Paid	\$	44,779
(Less) Interest Accrued in the Prior Year		(33,211)
Plus Interest Accrued in the Current Year		16,134
(Less) Premiums on BANs		<u>(13,701)</u>
 Total	 \$	 <u>14,001</u>

Note 7 Long-term Debt

At June 30, 2020, the total outstanding indebtedness of the School District represented 41.6% of its statutory debt limit, exclusive of building aids. Long-term debt is classified as follows:

- Serial Bonds and Statutory Installment Bonds - The School District borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. Statutory Installment Bonds are sometimes issued directly with a financial institution or investor and are not offered for public sale. There are no terms that present additional risk to the School District associated with these direct borrowings or placements.
- The following is a summary of the School District's long-term debt for the year ended June 30, 2020:

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2020</u>
Serial Bonds				
Refunding Bonds	06/15/2016	06/15/2025	2.0% - 4.0%	\$ 17,260,000
2015 Bus Bonds	06/15/2015	06/15/2027	2.0% - 3.0%	4,375,000
Construction Bond DASNY	06/17/2019	06/15/2033	5.0%	<u>11,950,000</u>
Subtotal Serial Bonds				33,585,000
Add: Unamortized Premium				<u>2,394,853</u>
 Total				 <u>\$ 35,979,853</u>

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 7 Long-term Debt - Continued

Interest paid on long-term debt during the year was comprised of:

Interest Paid	\$ 1,627,727
(Less) Interest Accrued in the Prior Year	(44,494)
Plus Interest Accrued in the Current Year	39,606
(Less) Amortization of Bond Premium	(681,161)
Plus Amortization of Deferred Charges on Defeased Debt	<u>253,992</u>
Total	<u><u>\$ 1,195,670</u></u>

Interest paid on the Serial Bonds varies from year to year, in accordance with interest rates specified in the bond agreements.

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Serial Bonds	\$ 38,500,000	\$	\$ (4,915,000)	\$ 33,585,000	\$ 5,215,000
Add: Premium	<u>3,076,014</u>		<u>(681,161)</u>	<u>2,394,853</u>	<u>526,847</u>
Total	<u><u>\$ 41,576,014</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (5,596,161)</u></u>	<u><u>\$ 35,979,853</u></u>	<u><u>\$ 5,741,847</u></u>

The following is a summary of the maturity of long-term indebtedness:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 5,215,000	\$ 1,305,994	\$ 6,520,994
2022	5,050,000	1,132,837	6,182,837
2023	5,210,000	967,250	6,177,250
2024	5,400,000	758,150	6,158,150
2025	4,160,000	541,250	4,701,250
2026-2030	5,985,000	1,278,750	7,263,750
2031-2033	<u>2,565,000</u>	<u>181,500</u>	<u>2,746,500</u>
Total	<u><u>\$ 33,585,000</u></u>	<u><u>\$ 6,165,731</u></u>	<u><u>\$ 39,750,731</u></u>

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 7 Long-term Debt - Continued

Unamortized deferred charges on defeased are amortized over the life of the bonds. Balances and activity for the year summarized as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Unamortized Deferred Charges on Defeased Debt	\$ 779,837	\$	\$ (253,992)	\$ 525,845	\$ 209,910
Total	<u>\$ 779,837</u>	<u>\$ -</u>	<u>\$ (253,992)</u>	<u>\$ 525,845</u>	<u>\$ 209,910</u>

Note 8 Compensated Absences

Represents the value of the earned and unused portion of the liability for compensated absences. This liability is liquidated from the General Fund.

A summary of compensated absences activity follows.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Compensated Absences	<u>\$1,043,965</u>	<u>\$ -</u>	<u>\$ (291,397)</u>	<u>\$ 752,568</u>

Changes in compensated absences are recorded as net, as it is not practical to isolate additions and deletions.

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems)

Teachers' Retirement System (TRS) (System)

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

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Teachers' Retirement System (TRS) (System) - Continued

Tier 3 and Tier 4 members are required by law to contribute 3% of salary to the System. Effective October 2000, contributions were eliminated for Tier 3 and 4 members with 10 or more years of service or membership. Effective January 1, 2010, Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Effective April 1, 2012, Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a salary based upon salary earned. Pursuant to Article 14 and Article 15 of the New York State Retirement and Social Security Law (RSSL), those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the RSSL. Upon termination of membership, accumulated member contributions are refunded. At retirement, accumulated member contributions can be withdrawn or are paid as a life annuity.

Employees' Retirement System (ERS) (System)

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

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Employees' Retirement System (ERS) (System) - Continued

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1973, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Summary of Significant Accounting Policies

The Systems' financial statements from which the Systems' fiduciary respective net position is determined are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

Contributions

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

	<u>ERS</u>	<u>TRS</u>
2020	\$ 592,689	\$ 1,570,648
2019	564,022	1,526,640
2018	537,410	1,744,288

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

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

At June 30, 2020, the School 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, 2020 for ERS and June 30, 2019 for TRS. The total pension asset/liability used to calculate the net pension asset/liability was determined by an actuarial valuation. The School District's proportionate share of the net pension asset/liability was based on a projection of the School District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the School District by the ERS and TRS Systems.

	ERS	TRS
Actuarial Valuation Date	4/1/2019	6/30/2018
Net Pension Liability	\$ 26,480,579,097	\$ (2,598,006,772)
School District's Proportionate Share of the		
Plan's Total Net Pension Asset/Liability	3,119,085	(2,296,104)
School District's Share of the		
Net Pension Asset/Liability	0.011779%	0.088379%

For the year ended June 30, 2020, the School District recognized pension expense of \$1,095,426 for ERS and \$2,856,322 for TRS in the District-wide financial statements. At June 30, 2020 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	\$ 183,571	\$ 1,556,011	\$	\$ 170,743
Changes of Assumptions	62,804	4,337,649	54,230	1,057,641
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	1,598,994			1,841,357
Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions	126,398	457,489	20,519	268,649
School District's Contributions Subsequent to the Measurement Date	152,487	1,345,382		
Total	\$2,124,254	\$7,696,531	\$ 74,749	\$3,338,390

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

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

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

Year Ending	ERS	TRS
2021	\$ 338,938	\$ 1,055,584
2022	471,482	82,708
2023	604,725	1,051,819
2024	481,873	719,381
2025		113,722
Thereafter		(10,455)

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2020	June 30, 2019
Actuarial Valuation Date	April 1, 2019	June 30, 2018
Investment Rate of Return	6.8%	7.1%
Salary Increases	4.2%	1.9% - 4.72%
Cost of Living Adjustments	1.3%	1.3%
Inflation Rate	2.5%	2.2%

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

For ERS, the actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Actuarial Assumptions - Continued

For TRS, the actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

For ERS, 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. For TRS, long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

Measurement Date	ERS March 31, 2020	TRS June 30, 2019
Asset Type		
Domestic Equities	4.1%	6.3%
International Equities	6.2%	7.8%
Global Equities		7.2%
Real Estate	5.0%	4.6%
Private Equity/Alternative Investments	6.8%	9.9%
Absolute Return Strategies	3.3%	
Opportunistic Portfolio	4.7%	
Real Assets	6.0%	
Cash	0.0%	
Inflation-indexed Bonds	0.5%	
Domestic Fixed Income Securities		1.3%
Global Fixed Income Securities		0.9%
Private Debt		6.5%
Real Estate Debt		2.9%
High-yield Fixed Income Securities		3.6%
Mortgages and Bonds	0.8%	
Short-term		0.3%

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Discount Rate

The discount rate used to calculate the total pension asset/liability was 6.8% for ERS and 7.1% 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 contributions from employers will be made at statutorily required rates, actuarially. Based on 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 asset/liability.

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

The following presents the School District's proportionate share of the net pension asset/liability calculated using the discount rate of 6.8% for ERS and 7.1% for TRS, as well as what the School District's proportionate share of the net pension asset/liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current rate:

ERS	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
School District's Proportionate Share of the Net Pension Asset/Liability	\$ 5,724,401	\$ 3,119,085	\$ 719,577
TRS	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
School District's Proportionate Share of the Net Pension Asset/Liability	\$ 10,364,375	\$ (2,296,104)	\$ (12,916,817)

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

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:

	Dollars in Thousands	
	ERS	TRS
Measurement Date	March 31, 2020	June 30, 2019
Employers' Total Pension Asset/Liability	\$ 194,596,261	\$ 119,879,474
Plan Net Position	(168,115,682)	(122,477,481)
Employers' Net Pension Asset/Liability	\$ 26,480,579	\$ (2,598,007)
Ratio of Plan Net Position to the Employers' Total Pension Asset/Liability	86.4%	102.2%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$152,487 .

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October, and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on 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, 2020 amounted to \$1,412,554.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
ERS			
Net Pension Liability	\$ 828,060	\$ 2,291,025	\$ 3,119,085
Deferred Outflows of Resources	(603,318)	(1,520,936)	(2,124,254)
Deferred Inflows of Resources	301,489	(226,740)	74,749
Subtotal	526,231	543,349	1,069,580
TRS			
Net Pension Asset	(1,706,816)	(589,288)	(2,296,104)
Deferred Outflows of Resources	(8,918,488)	1,221,957	(7,696,531)
Deferred Inflows of Resources	2,457,894	880,496	3,338,390
Subtotal	(8,167,410)	1,513,165	(6,654,245)
Total	\$ (7,641,179)	\$ 2,056,514	\$ (5,584,665)

Note 10 Postemployment Benefits Other Than Pensions (OPEB)

General Information about the OPEB Plan

Plan Description - The School District provides medical and Medicare Part B benefits to retired employees and their eligible dependents. The benefits provided to employees upon retirement are based on provisions in various contracts that the School District has in place with different classifications of employees. The School District acquires health insurance through a consortium known as the Broome-Tioga Health Insurance Consortium. Benefits provided by the Consortium are administered by Blue Cross/Blue Shield. The Consortium plan covers medical and pharmaceutical costs. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Benefits Provided - The School District provides healthcare benefits for eligible retirees and their spouses. Benefit terms are dependent of which contract each employee falls under.

The specifics of each contract are on file at the School District offices and are available upon request.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 10 Postemployment Benefits Other Than Pensions (OPEB) - Continued

General Information about the OPEB Plan - Continued

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

Inactive Employees or Beneficiaries	
Currently Receiving Benefit Payments	343
Active Employees	<u>349</u>
	<u>692</u>

Total OPEB Liability

The School District's total OPEB liability of \$131,737,891 was measured as of July 1, 2019, and was determined by valuation as of July 1, 2018.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Single Discount Rate	3.5%
Salary Scale	3.0%
Rate of Inflation	2.4%
Marriage Rate	70.0%
Participation Rate	100.0%
Participation Rate Spouse	80.0%
Healthcare Cost Trend Rates	7.0% for 2020, Decreasing to an Ultimate Rate of 3.94% for 2089

The single discount rate above is based on the Bond Buyer Weekly 20-Bond GO Index.

Mortality rates were based on the RPH-2014 Mortality Table for employees, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2018.

Rates of decrement due to turnover and retirement are based on the experience under the New York State & Local Retirement System as prepared by the Department of Civil Service's actuarial consultant in the report titled, Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 75 Valuation (December 2017).

The actuarial assumptions used in the July 1, 2019 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 10 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	\$ 124,227,876
Changes For The Year	
Service Cost	3,585,455
Interest Cost	4,859,829
Changes of Benefit Terms	
Differences Between Expected and Actual Experience	
Changes in Assumptions or Other Inputs	3,537,449
Benefit Payments	(4,472,718)
	7,510,015
 Balance at June 30, 2020	 \$ 131,737,891

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.5%) or 1 percentage point higher (4.5%) than the current discount rate:

	1% Decrease (2.5%)	Discount Rate (3.5%)	1% Increase (4.5%)
Total OPEB Liability	\$ 154,226,965	\$ 131,737,891	\$ 113,730,938

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (2.94% to 6.0%) or 1 percentage point higher (4.94% to 8.0%) than the current healthcare cost trend rate:

	1% Decrease (2.94% to 6.0%)	Healthcare Cost Trend Rate (3.94% to 7.0%)	1% Increase (4.94% to 8.0%)
Total OPEB Liability	\$ 109,921,663	\$ 131,737,891	\$ 159,978,813

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 10 Postemployment Benefits Other Than Pensions (OPEB) - Continued

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

For the year ended June 30, 2020, the School District recognized OPEB expense of \$4,954,249.

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 1,336,605
Changes in Assumptions or Other Inputs	2,888,376	10,716,393
Contributions Subsequent to Measurement Date	4,535,615	-
Total	\$ 7,423,991	\$ 12,052,998

School District contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the OPEB liability in the year ending June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Amount
2021	\$ (3,491,035)
2022	(3,491,035)
2023	(2,564,125)
2024	89,489
2025	292,084
Thereafter	

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
OPEB Liability	\$ 124,227,876	\$ 7,510,015	\$ 131,737,891
Deferred Outflows of Resources	(4,472,718)	(2,951,273)	(7,423,991)
Deferred Inflows of Resources	16,193,106	(4,140,108)	12,052,998
Total	\$ 135,948,264	\$ 418,634	\$ 136,366,898

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

***Note 11* Commitments and Contingencies**

Risk Financing and Related Insurance - General Information

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

Risk Financing and Related Insurance - Health Insurance

The School District incurs costs related to an employee health insurance plan (Plan) sponsored by BOCES and its component districts. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program.

School districts joining the Plan must remain members for a minimum of one year; a member school district may withdraw from the Plan after that time by providing notice to the consortium prior to the May 1, immediately preceding the commencement of the next school year. Plan members include 15 school districts including one BOCES, with each school district bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. Plan financial statements may be obtained from the BOCES administrative office at 435 Glenwood Rd., Binghamton, NY 13905.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount.

Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended June 30, 2020, the School District incurred premiums or contribution expenditures totaling \$10,836,161.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

***Note 11* Commitments and Contingencies - Continued**

Risk Financing and Related Insurance - Workers' Compensation

The School District incurs costs related to a workers' compensation insurance plan (Plan). The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Plan members include 11 school districts, with the School District bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. Plan financial statements may be obtained from the BOCES administrative office at 435 Glenwood Rd., Binghamton NY 13905.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended June 30, 2020, the School District incurred premiums or contribution expenditures of \$230,060.

Other Items

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

***Note 12* Stewardship, Compliance, and Accountability - Deficit Fund Balance and Net Position**

Deficit Fund Balances

The Capital Projects - Bus Fund had a deficit fund balance of \$1,454,530 at June 30, 2020. This deficit will be eliminated as short-term debt is redeemed or converted to permanent financing.

The Capital Projects - Construction Fund had a deficit fund balance of \$1,493,144 at June 30, 2020. This deficit will be eliminated as permanent financing is obtained.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 12 Stewardship, Compliance, and Accountability - Deficit Fund Balance and Net Position - Continued

The School Lunch Fund had a deficit unassigned fund balance of \$31,962 at June 30, 2020, due to current excess of expenditures. This deficit will be eliminated through transfers from the General Fund.

Deficit Net Position

At June 30, 2020, the District-wide Statement of Net Position had an unrestricted net deficit of \$129,777,954. This is the result of the requirement to record other postemployment benefit liability with no requirement or mechanism to fund this liability. (See Note 10.) The deficit is not expected to be eliminated during the normal course of operations.

Note 13 Fund Balance Detail

At June 30, 2020, nonspendable, restricted and assigned fund balance in the governmental funds was as follows:

	<u>General Fund</u>	<u>School Lunch Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects- Construction Fund</u>	<u>Capital Projects- Bus Fund</u>
Nonspendable					
Inventory	\$ 5,000	\$ 91,715	\$ -	\$ -	\$ -
Total Nonspendable Fund Balance	<u>\$ 5,000</u>	<u>\$ 91,715</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Restricted					
Unemployment Insurance Reserve	\$ 70,753	\$ -	\$ -	\$ -	\$ -
Reserve for ERS Contributions	1,524,227				
Reserve for TRS Contributions	586,922				
Employee Benefit Accrued Liability Reserve	1,822,041				
Tax Certiorari Reserve	84,151				
Capital Reserve	45,746				
Debt			343,655		
Total Restricted Fund Balance	<u>\$ 4,133,840</u>	<u>\$ -</u>	<u>\$ 343,655</u>	<u>\$ -</u>	<u>\$ -</u>
Assigned					
Appropriated for Next Year's Budget	\$ 250,000	\$ -	\$ -	\$ -	\$ -
Encumbered for:					
General Support	36,790				
Instruction	34,357				
Pupil Transportation	3,824				
Employee Benefits	8,084				
Total Assigned Fund Balance	<u>\$ 333,055</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Unassigned Fund Balance	<u>\$ 2,447,552</u>	<u>\$ (31,692)</u>	<u>\$ -</u>	<u>\$ (1,493,144)</u>	<u>\$ (1,454,530)</u>

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 14 Restricted Fund Balances

Portions of fund balance are reserved and are not available for current expenditures as reported in the Governmental Funds Balance Sheet. The balances and activity for the year ended June 30, 2020 of the General Fund reserves were as follows:

<u>General Fund</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Interest Earned</u>	<u>Appropriated</u>	<u>Ending Balance</u>
Employee Benefit Accrued Liability Reserve	\$ 1,984,331	\$	\$ 12,710	\$ (175,000)	\$ 1,822,041
Tax Certiorari Reserve	83,615		536		84,151
Reserve for ERS Contributions	2,344,212		15,015	(835,000)	1,524,227
Reserve for TRS Contributions	300,000	285,000	1,922		586,922
Unemployment Insurance Reserve	71,197		456	(900)	70,753
Capital Reserve	2,444,122		1,624	(2,400,000)	45,746
Total General Fund	<u>\$ 7,227,477</u>	<u>\$ 285,000</u>	<u>\$ 32,263</u>	<u>\$ (3,410,900)</u>	<u>\$ 4,133,840</u>
Debt Service Fund	<u>\$ 272,158</u>	<u>\$ 89,638</u>	<u>\$ 1,206</u>	<u>\$ (19,347)</u>	<u>\$ 343,655</u>

Note 15 Tax Abatements

For the year ended June 30, 2020, the School District was subject to tax abatements negotiated by the Broome County Industrial Development Agency (BCIDA).

The BCIDA enters into various property tax abatement programs for the purpose of economic development. The School District property tax revenue was reduced by \$57,951. The School District received payment in lieu of tax (PILOT) payments totaling \$188,998.

Note 16 Uncertainty

In March 2020, the COVID-19 coronavirus outbreak was declared a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus included quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies on the area in which the School District operates. The School District completed the school year in an online learning format and is beginning the 2020-2021 academic year in a partially online format. While it is unknown how long these conditions will last and what the complete financial effect will be, School District management expects disruptions to businesses and residents and potential effects to New York State government funding, which could negatively impact operating results in future periods.

Note 17 Subsequent Events

On July 7, 2020, the School District entered into an equipment lease purchase agreement to acquire certain equipment totaling \$6,228,217. On August 11, 2020, the School District issued \$8,000,000 in revenue anticipation notes at an interest rate of 1.25%. On October 1, 2020, the School District issued \$1,487,680 in bond anticipation notes at an interest rate of 2% to finance the purchase of buses.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-GAAP) - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Local Sources				
Real Property Taxes	\$ 24,374,532	\$ 20,353,460	\$ 20,352,431	\$ (1,029)
Other Tax Items	230,998	4,252,070	4,248,503	(3,567)
Charges for Services	145,000	145,000	175,396	30,396
Use of Money and Property	165,000	165,000	92,505	(72,495)
Sale of Property and Compensation for Loss			10,564	10,564
Miscellaneous	608,000	637,074	846,009	208,935
Total Local Sources	<u>25,523,530</u>	<u>25,552,604</u>	<u>25,725,408</u>	<u>172,804</u>
State Sources	27,085,217	27,160,217	27,087,965	(72,252)
Federal Sources	90,000	90,000	116,714	26,714
Total Revenues	<u>52,698,747</u>	<u>52,802,821</u>	<u>52,930,087</u>	<u>127,266</u>
OTHER FINANCING SOURCES				
Operating Transfers In	19,347	19,347	19,347	-
Total Revenues and Other Financing Sources	<u>52,718,094</u>	<u>52,822,168</u>	<u>\$ 52,949,434</u>	<u>\$ 127,266</u>
Appropriated Fund Balance	803,000	803,000		
Appropriated Reserves	-	2,575,000		
Designated Fund Balance and Encumbrances Carried Forward from Prior Year	60,867	60,867		
Total Revenues, Appropriated Reserves and Designated Fund Balance	<u>\$ 53,581,961</u>	<u>\$ 56,261,035</u>		

See Notes to Required Supplementary Information

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-GAAP) - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget
EXPENDITURES		
General Support		
Board of Education	\$ 41,780	\$ 42,303
Central Administration	244,986	252,925
Finance	873,782	873,302
Staff	231,018	289,235
Central Services	3,008,967	2,884,848
Special Items	522,531	507,901
Total General Support	4,923,064	4,850,514
Instruction		
Instruction, Administration, and Improvement	1,639,283	1,594,139
Teaching - Regular School	12,333,525	12,541,146
Programs for Children with Handicapping Conditions	6,567,697	7,412,642
Teaching - Special school	30,000	32,691
Instructional Media	1,880,852	1,805,837
Pupil Services	2,190,382	2,125,096
Total Instruction	24,641,739	25,511,551
Pupil Transportation	1,824,405	1,671,160
Employee Benefits	14,963,000	14,595,897
Debt Service		
Principal	5,596,624	5,392,246
Interest	1,468,129	1,672,507
Total Debt Service	7,064,753	7,064,753
Total Expenditures	53,416,961	53,693,875
OTHER FINANCING USES		
Operating Transfers Out	165,000	2,567,160
Total Expenditures and Other Financing Uses	\$ 53,581,961	\$ 56,261,035
Net Change in Fund Balance		
Fund Balance - Beginning of Year		
Fund Balance - End of Year		

See Notes to Required Supplementary Information

<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 32,052	\$ 38	\$ 10,213
248,858	32	4,035
860,433	4,000	8,869
287,522	1	1,712
2,720,805	32,719	131,324
504,529		3,372
4,654,199	36,790	159,525
1,511,578	562	81,999
12,393,903	9,557	137,686
7,372,045	10,193	30,404
32,691		-
1,797,710	722	7,405
2,057,149	13,323	54,624
25,165,076	34,357	312,118
1,625,856	3,824	41,480
14,277,216	8,084	310,597
5,391,624		622
1,672,506		1
7,064,130	-	623
52,786,477	83,055	824,343
2,561,882		5,278
55,348,359	\$ 83,055	\$ 829,621
(2,398,925)		
9,318,372		
\$ 6,919,447		

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 592,689	\$ 564,022	\$ 537,410
Contributions in Relation to the Contractually Required Contribution	(592,689)	(564,022)	(537,410)
Contribution Deficiency (Excess)	-	-	-
School District's Covered Payroll	3,905,198	3,634,531	3,413,058
Contributions as a Percentage of Covered Payroll	15.2%	15.5%	15.7%

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS NYSTRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 1,345,382	\$ 1,570,648	\$ 1,526,640
Contributions in Relation to the Contractually Required Contribution	(1,345,382)	(1,570,648)	(1,526,640)
Contribution Deficiency (Excess)	-	-	-
School District's Covered Payroll	15,184,898	14,789,529	15,577,959
Contributions as a Percentage of Covered Payroll	8.9%	10.6%	9.8%

See Notes to Required Supplementary Information

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 604,707	\$ 543,355	\$ 505,351	\$ 650,766	\$ 776,949	\$ 678,076	\$ 515,297
(604,707)	(543,355)	(505,351)	(650,766)	(776,949)	(678,076)	(515,297)
-	-	-	-	-	-	-
3,615,784	3,072,260	3,190,275	3,642,879	4,164,595	4,394,009	4,505,523
16.7%	17.7%	15.8%	17.9%	18.7%	15.4%	11.4%

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 1,744,288	\$ 1,934,768	\$ 2,423,190	\$ 2,084,158	\$ 1,751,277	\$ 1,711,879	\$ 1,344,792
(1,744,288)	(1,934,768)	(2,423,190)	(2,084,158)	(1,751,277)	(1,711,879)	(1,344,792)
-	-	-	-	-	-	-
14,883,003	14,591,011	13,823,103	12,825,588	14,791,191	15,408,452	15,600,835
11.7%	13.3%	17.5%	16.3%	11.8%	11.1%	8.6%

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

	2020	2019	2018
School District's Proportion of the Net Pension Asset/Liability	0.011779%	0.011687%	0.011723%
School District's Proportionate Share of the Net Pension Asset/Liability	\$ 3,119,085	\$ 828,060	\$ 378,347
School District's Covered-Employee Payroll During the Measurement Period	3,870,736	3,607,151	3,374,841
School District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of its Covered Payroll	80.6%	23.0%	11.2%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/Liability	86.4%	96.3%	98.2%

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY NYSTRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

	2020	2019	2018
School District's Proportion of the Net Pension Asset/Liability	0.088379%	0.094390%	0.092107%
School District's Proportionate Share of the Net Pension Asset/Liability	\$ (2,296,104)	\$ (1,706,816)	\$ (700,107)
School District's Covered-Employee Payroll During the Measurement Period	14,789,529	15,577,959	14,883,003
School District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of its Covered Payroll	15.5%	4.7%	4.7%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/Liability	102.2%	101.5%	100.7%

See Notes to Required Supplementary Information

<u>2017</u>	<u>2016</u>	<u>2015</u>
0.012602%	0.011476%	0.011996%
\$ 1,184,125	\$ 1,841,867	\$ 405,257
3,586,065	3,072,260	3,190,275
33.0%	60.0%	12.7%
94.7%	90.7%	97.9%

<u>2017</u>	<u>2016</u>	<u>2015</u>
0.093341%	0.090998%	0.085963%
\$ 999,719	\$ (9,451,778)	\$ (9,575,723)
14,591,011	13,823,103	12,825,588
6.9%	68.4%	74.7%
99.0%	110.5%	111.5%

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS

	2020	2019	2018
Service Cost	\$ 3,585,455	\$ 4,216,030	\$ 5,434,267
Interest Cost	4,859,829	4,623,805	4,011,300
Changes of Benefit Terms			
Differences Between Expected and Actual Experience		(2,111,447)	
Changes in Assumptions or Other Inputs	3,537,449	(4,665,687)	(16,452,678)
Benefit Payments	(4,472,718)	(4,115,620)	(4,050,386)
		(2,052,919)	(11,057,497)
Total OPEB Liability - Beginning	124,227,876	126,280,795	137,338,292
Total OPEB Liability - Ending	\$ 131,737,891	\$ 124,227,876	\$ 126,280,795
Covered Employee Payroll	\$ 18,897,192	\$ 19,470,155	\$ 18,179,869
Total OPEB Liability as a Percentage of Covered Payroll	697%	638%	695%

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate in effect for this period is 3.5%.

* Information for periods prior to implementation of GASB Statement No. 75 is unavailable and will be completed as it becomes available.

See Notes to Required Supplementary Information

2017	2016	2015	2014	2013	2012	2011
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
<u>\$ 137,338,292</u>	<u>\$ *</u>					
*	*	*	*	*	*	*
*	*	*	*	*	*	*

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2020

Note 1 **Budgetary Procedures and Budgetary Accounting**

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

Appropriations are adopted at the program line level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the board approves them because of a need that exists which was not determined at the time the budget was adopted.

The following supplemental appropriations occurred during the year:

Adopted Budget	\$ 53,521,094
Carryover Encumbrances	60,867
Original Budget	<u>53,581,961</u>
Additions	
Appropriated Reserves	2,575,000
Gifts and Donations	29,074
State Aid	<u>75,000</u>
Final Budget	<u>\$ 56,261,035</u>

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Annual legal budgets are not adopted for the Special Revenue Funds (Special Aid and School Lunch). Budgetary controls for the Special Revenue Funds are established in accordance with the applicable grant agreements. Special Revenue Funds may also cover a period other than the School District's fiscal year.

Note 2 **Reconciliation of the General Fund Budget Basis to GAAP**

No adjustment is necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the GAAP basis to the budget basis. Encumbrances, if present, are presented in a separate column and are not included in the actual results at June 30, 2020.

Note 3 **Schedule of Changes in the School District's Total OPEB Liability and Related Ratios**

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates in each period:

2020 - 3.50%
2019 - 3.87%

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2020

Note 4 Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability
The Schedule of the School District's Proportionate Share of the Net Pension Asset/Liability, required supplementary information, presents six years of information. These schedules will present ten years of information as it becomes available from the pension plans.

Note 5 Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability

NYSLRS

Changes in Benefit Terms

There were no significant legislative changes in benefits for the April 1, 2019 actuarial valuation.

Changes of Assumptions

There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2019 actuarial valuation. The salary scales for both plans used in the April 1, 2018 actuarial valuation were increased by 10%. The interest rate assumption was reduced to 6.8% and the mortality improvement assumption was updated to Societies of Actuaries' Scale MP-2018 for the April 1, 2019 actuarial valuation.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2018 actuarial valuation determines the employer rates for contributions payable in fiscal year 2020. The following actuarial methods and assumptions were used:

Actuarial Cost Method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset Valuation Period	Five-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.5%
Salary Scale	4.2% in ERS, indexed by service.
Investment Rate of Return	6.8% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3% annually.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2020

Note 5 **Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability - Continued**

NYSTRS

Changes in Benefit Terms

Effective with the 2019 actuarial valuation an increase in the NYS Governor's salary limit from \$179,000 to \$200,000 per annum went into effect, impacting Tier 6 members. The Governor's salary may ultimately increase to \$250,000 phased in over the next two years.

Changes of Assumptions

Actuarial assumptions are revised periodically to reflect more closely actual, as well as anticipated, future experience. The actuarial assumptions were revised and adopted by the Retirement Board on October 29, 2015 and first used in the 2016 determination of the Total Pension Liability.

The System's long-term rate of return assumption for purposes of the NPL is 7.1%, effective with the 2019 actuarial valuation. For the 2018 and 2017 actuarial valuations, the System's long-term rate of return assumption was 7.25%. For the 2016 actuarial valuation, the System's long-term rate of return assumption was 7.5%. Prior to the 2016 actuarial valuation, the System's long-term rate of return was 8.0%.

The System's assumed annual inflation rate is 2.2%, effective with the 2019 actuarial valuation. For the 2018 and 2017 actuarial valuations, the System's annual inflation assumption was 2.25%. For the 2016 actuarial valuation, the System's annual inflation assumption was 2.5%. Prior to the 2016 actuarial valuation, the System's annual inflation assumption was 3.0%.

Effective with the 2019 actuarial valuation, COLAs are projected to increase at a rate of 1.3% annually. Effective with the 2015 actuarial valuation, COLAs were projected to increase at a rate of 1.5% annually. Prior to the 2015 actuarial valuation, COLAs were projected to increase at a rate of 1.625% annually.

Effective with the 2019 actuarial valuation, the assumed scale for mortality improvement is changed from MP2014 to MP2018.

Effective with the 2019 actuarial valuation, there is a change in the actuarial valuation software that resulted in a slight change in the determination of Entry Age Normal Total Pension Liability and Service Cost.

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2020

Note 5 Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability - Continued

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the Schedule of School District's Contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Unless otherwise noted above, the following actuarial methods and assumptions were used to determine contribution rates reported in the Schedule of the School District's Contributions.

Actuarial Cost Method	The System is funded in accordance with the Aggregate Cost Method, which does not identify nor separately amortize unfunded actuarial liabilities. Costs are determined by amortizing the unfunded present value of benefits over the average future working lifetime of active plan members, which currently for NYSTRS is approximately 13 years.
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Asset Valuation Method	Five-year phased in deferred recognition of each year's net investment gain/loss in excess of (or less than) the assumed valuation rate of interest at a rate of 20.0% per year, until fully recognized after five years.
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Inflation	2.3%
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Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.
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Service	Rate
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Investment Rate of Return	7.1 compounded annually, net of investment expenses, including inflation.
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Cost of Living Adjustments	1.3% compounded annually.
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MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT FOR THE YEAR ENDED JUNE 30, 2020

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		<u>\$ 53,521,094</u>
Prior Year's Encumbrances		<u>60,867</u>
Original Budget		<u>53,581,961</u>
Budget Revisions:		
Appropriated Reserves		2,575,000
Gifts and Donations		29,074
State Aid		<u>75,000</u>
Total Additions		<u>2,679,074</u>
Final Budget		<u><u>\$ 56,261,035</u></u>

§1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-2021 Voter Approved Budget		<u><u>\$ 54,190,263</u></u>
Maximum Allowed (4% of the 2020-2021 Budget)		\$ 2,167,611
General Fund Fund Balance Subject to §1318 of Real Property Tax Law:		
Unrestricted Fund Balance:		
Assigned Fund Balance	\$ 333,055	
Unassigned Fund Balance	<u>2,447,552</u>	
Total Unrestricted Fund Balance	<u>2,780,607</u>	
Less:		
Appropriated Fund Balance	\$ 250,000	
Encumbrances Included in Committed and Assigned Fund Balance	<u>83,055</u>	
Total Adjustments	<u>333,055</u>	
General Fund Fund Balance Subject to §1318 of Real Property Tax Law		<u><u>\$ 2,447,552</u></u>
Actual Percentage		4.52%

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2020

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Total
			Prior Years	Current Year	Transfer to General Fund	
Buses - 2019-2020	\$ 438,515	\$ 438,515	\$	\$ 438,241	\$ 274	\$ 438,515
District Wide						
SMART Schools Bond Act 7999-003	740,000	658,830	659,100	(270)		658,830
Senior High School						
Reconstruction 0010-023	126,000	126,000	120,416			120,416
Middle School						
Reconstruction 0015-016	348,000	397,185	259,411	86,348	75,663	421,422
District Wide						
7999-005	5,730,261	6,228,217		886,330		886,330
Homer Brink Elementary						
Reconstruction 0001-018	9,843,160	9,333,160		1,464,255		1,464,255
Homer Brink Elementary						
Reconstruction 0001-020	10,000	10,000		7,700		7,700
Maine Memorial Elementary						
Reconstruction 0008-017	487,570	542,570		143,941		143,941
Senior High School						
Reconstruction 0010-025	2,615,230	2,960,230		875,539		875,539
Middle School						
Reconstruction 0015-017	1,646,090	1,731,090		358,539		358,539
Bus Garage						
Project 5003-009	885,950	902,950		66,060		66,060
Homer SMART Schools						
Bond Act 0008-018	100,000	100,000		100,000		100,000
Homer Brink Elementary						
Reconstruction 0001-019	1,218,758	1,218,758		90,780		90,780
Unredeemed Bond Anticipation Notes						
Total	<u>\$24,189,534</u>	<u>\$ 24,647,505</u>	<u>\$ 1,038,927</u>	<u>\$ 4,517,463</u>	<u>\$ 75,937</u>	<u>\$ 5,632,327</u>

*Architectural and State Approved Budget Modifications for Subproject
Reallocations not yet Finalized and Available at this Report Date.

Unexpended Balance	Methods of Financing			Total	Fund Balance (Deficit) June 30, 2020
	Proceeds of Obligations	State Aid	Local Sources		
\$	\$ (38,109)	\$	\$ 476,624	\$ 438,515	\$ -
		658,830		658,830	-
5,584		270	120,146	120,416	-
(24,237)			421,422	421,422	-
5,341,887				-	(886,330) *
7,868,905			1,447,003	1,447,003	(17,252) *
2,300			1,550	1,550	(6,150) *
398,629			84,119	84,119	(59,822) *
2,084,691			458,950	458,950	(416,589) *
1,372,551			268,386	268,386	(90,153) *
836,890			139,992	139,992	73,932 *
			100,000	100,000	-
1,127,978				-	(90,780) *
	(1,454,530)			(1,454,530)	(1,454,530)
\$19,015,178	\$ (1,492,639)	\$ 659,100	\$ 3,518,192	\$ 2,684,653	\$ (2,947,674)

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS FOR THE YEAR ENDED JUNE 30, 2020

Capital Assets, Net	<u>\$ 83,990,355</u>
Add:	
Unamortized Deferred Refunding	<u>525,845</u>
Deduct:	
Bond Anticipation Notes	<u>(1,454,530)</u>
Unamortized Premium on Bonds Payable	<u>(2,394,853)</u>
Short-Term Portion of Bonds Payable	<u>(5,215,000)</u>
Long-Term Portion of Bonds Payable	<u>(28,370,000)</u>
Net Investment in Capital Assets	<u><u>\$ 47,081,817</u></u>

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

Board of Education
Maine-Endwell Central School District
Endwell, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Maine-Endwell Central School District (the School District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 15, 2020

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001.

The School District's Response to the Finding

Maine-Endwell Central School District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 15, 2020

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

Board of Education
Maine-Endwell Central School District
Endwell, New York

Report on Compliance for Each Major Federal Program

We have audited Maine-Endwell Central School District's (the School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2020. The School District's major federal programs are identified in the summary of Auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School District, 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, 2020.

Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 15, 2020

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2020

<u>Federal Grantor/Pass - Through Grantor Program Title</u>	<u>Federal CFDA #</u>	<u>Pass - Through Grantor #</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
U.S. Department of Education				
Passed Through NYS Department of Education:				
Title I Grants to Local Educational Agencies	84.010	0021-20-0170	\$	\$ 322,030
Title I Grants to Local Educational Agencies	84.010	0021-19-0170		70
		Subtotal		<u>322,100</u>
Title III Strengthening Institutions	84.031	0149-20-0170		<u>19,297</u>
Special Education Cluster:				
Special Education - Grants to States	84.027	0032-20-0056		583,986
Special Education - Preschool Grants	84.173	0033-20-0056		10,712
Total Special Education Cluster				<u>594,698</u>
Improving Teacher Quality State Grants	84.367	0147-20-0170		<u>61,464</u>
Title IV Student Support and Academic Enrichment Program	84.424	0204-20-0170		12,003
Title IV Student Support and Academic Enrichment Program	84.424	0204-19-0170		(5,969)
		Subtotal		<u>6,034</u>
Total U.S. Department of Education			-	<u>1,003,593</u>
U.S. Department of Agriculture				
Passed Through NYS Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	(1)		228,485
COVID-19-School Breakfast Program	10.553	(1)		92,228
National School Lunch Program	10.555	(1)		334,359
COVID-19-National School Lunch Program	10.555	(1)		145,888
Total Child Nutrition Cluster				<u>800,960</u>
Total U.S. Department of Agriculture				<u>800,960</u>
Total Expenditures of Federal Awards			\$ -	<u>\$1,804,553</u>

(1) Unknown

See Notes to Schedule of Expenditures of Federal Awards

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2020

Note 1 **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal awards programs administered by the Maine-Endwell Central School District, an entity as defined in Note 1 to the Maine-Endwell Central School District's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2 **Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in preparation of the financial statements.

Note 3 **Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The Maine-Endwell Central School District has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

Note 4 **Matching Costs**

Matching costs, i.e., the Maine-Endwell Central School District's share of certain program costs, are not included in the reported expenditures.

Note 5 **Non-Monetary Federal Program**

The Maine-Endwell Central School District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program." During the year ended June 30, 2020, the Maine-Endwell Central School District received \$62,253 worth of commodities under the National School Lunch Program (CFDA #10.555).

Note 6 **Subrecipients**

No amounts were provided to subrecipients.

Note 7 **Other Disclosures**

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

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

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes √ no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes √ none reported

Noncompliance material to financial statements noted? √ yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes √ no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes √ none reported

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes √ no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>10.555,10.553</u>	<u>Child Nutrition Cluster</u>

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

Auditee qualified as low-risk? √ yes no

MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

Section II Financial Statement Findings

2020-001 Fund Balance Limitation

Condition:

At June 30, 2020, unassigned fund balance in the General Fund was \$279,941 in excess of the allowable limit.

Criteria:

The School District is allowed, under New York State Real Property Tax Law (§1318), to retain up to 4% of the succeeding year's budget in unassigned fund balance.

Cause:

The School District did not spend \$829,621 of its 2019-2020 appropriations due to the effects of COVID-19 and anticipated reductions in New York State funding.

Effect:

The School District is not in compliance with New York State Real Property Tax Law (§1318).

Recommendation:

Due to the unusual circumstances surrounding the School District as it relates to COVID-19 and the resulting effects on spending and New York State funding, we recommend School District management review expected 2020-2021 financial activity in comparison to the adopted budget as the year progresses. This will enable School District management to estimate the amount of unassigned fund balance anticipated at year end in order to determine amounts which should be used to reduce the tax levy in accordance with New York State Real Property Tax Law (§1318).

Management Response:

School District management will review the 2020 - 2021 financial activity in comparison to the adopted budget as the year proceeds to help insure that the amount of unassigned fund balance at year end is in compliance with New York State Real Property Tax Law §1318.

Section III Federal Award Findings and Questioned Costs

None