

TULLY CENTRAL SCHOOL DISTRICT

SINGLE AUDIT REPORTING PACKAGE

**AS REQUIRED BY THE UNIFORM GUIDANCE AND
2 CFR section 200.512(c)**

June 30, 2021

TULLY CENTRAL SCHOOL DISTRICT

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CERTIFIED PUBLIC ACCOUNTANTS PLLC

INDEPENDENT AUDITOR'S REPORT

Board of Education
Tully Central School District
Tully, 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 Tully Central School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Tully Central School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of funding progress other postemployment benefit plans, schedule of revenues, expenditures and changes in fund balance - budget (non-GAAP basis) and actual – general fund, schedule of district contributions and schedule of district's proportionate share of net pension asset (liability) on pages 4-12 and 51-54, respectively, 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 Tully Central School District's basic primary government financial statements. The schedule of change from adopted to final budget and the real property tax limit, the schedule of project expenditures – capital projects fund, investment in capital assets, net of related debt and the schedule of expenditures of federal awards, as required by the audit 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) on pages 55-57 and page 62, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of change from adopted to final budget and the real property tax limit, the schedule of project expenditures and financing resources – capital projects fund, investment in capital assets, net of related debt and the schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of change from adopted to final budget

and the real property tax limit, the schedule of project expenditures and financing resources – capital projects fund, investment in capital assets, net of related debt and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2021 on our consideration of Tully Central School District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Tully Central School District’s internal control over financial reporting and compliance.

Grossman St Amour CPAs

Syracuse, New York
October 12, 2021

TULLY CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

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

Financial Highlights

- The District's net position increased by \$226,847 because of this year's operations. The majority of this decrease is related to fluctuations in assumptions and rates used to calculate other post-employment benefit and pension liabilities.

Overview of the Financial Statements

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

- The first two statements are *district-wide* financial statements that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.

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 District's budget for the year.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

TULLY CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Figure A-1 Major Features of the District-Wide and Fund Financial Statements

	District-Wide	Governmental Funds
Scope	Entire District	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities • Reconciliation of governmental funds revenues, expenditures and changes in fund balances to the Statement of activities • Reconciliation of governmental funds balance sheet to the Statement of net position. 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

TULLY CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

District-Wide Statements

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

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

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

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

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants. Generally, the District is required by New York State General Municipal Law (para. 36) to follow the system of accounts formulated and prescribed by the New York State Comptroller.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).
- Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

TULLY CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

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

The District's combined net position increased by \$226,847 from a year ago – increasing from \$(2,079,276) to \$(1,720,859), primarily as a result of additional COVID-19 relief funding received from the federal government.

Table 1
Condensed Statement of Net Position

	District-Wide		Percent Change
	2021	2020	
Current and other assets	\$ 9,131,770	\$ 9,888,107	-7.65%
Capital assets	32,857,688	32,400,409	1.41%
Net pension asset	-	1,077,095	-100.00%
Total assets	<u>41,989,458</u>	<u>43,365,611</u>	<u>-3.17%</u>
Deferred outflow of resources	<u>9,661,696</u>	<u>5,209,550</u>	<u>85.46%</u>
Total assets and deferred outflows of resources	<u>\$ 51,651,154</u>	<u>\$ 48,575,161</u>	<u>6.33%</u>
Current liabilities	\$ 1,472,564	\$ 1,775,304	-17.05%
Noncurrent liabilities	38,734,254	37,458,499	3.41%
Net pension liability	<u>1,133,756</u>	<u>1,395,732</u>	<u>-18.77%</u>
Total liabilities	<u>41,340,574</u>	<u>40,629,535</u>	<u>1.75%</u>
Deferred inflows of resources	<u>12,082,552</u>	<u>10,024,902</u>	<u>20.53%</u>
Net position:			
Net investment in capital assets	18,703,661	18,640,509	0.34%
Restricted	5,435,021	6,788,368	-19.94%
Unrestricted net deficit	<u>(25,859,541)</u>	<u>(27,508,153)</u>	<u>-5.99%</u>
Total net position	<u>\$ (1,720,859)</u>	<u>\$ (2,079,276)</u>	<u>-17.24%</u>

TULLY CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (continued)

Table 2
Changes in Net Position from Operating Results

	District-Wide		Percent Change
	2021	2020	
REVENUES			
Program revenues:			
Charges for services	\$ 156,452	\$ 270,405	-42.14%
Operating grants and contributions	826,529	609,814	35.54%
General revenues:			
Property taxes and other tax items	10,504,862	10,313,882	1.85%
State sources	10,014,373	10,222,704	-2.04%
Medicaid reimbursement	233,841	78,358	198.43%
Other general revenues	535,644	390,648	37.12%
Total revenues	22,271,701	21,885,811	1.76%
PROGRAM EXPENSES			
General support	3,488,539	2,520,319	38.42%
Instruction	15,553,237	14,389,926	8.08%
Transportation	1,673,530	1,705,854	-1.89%
Debt service	896,881	438,006	104.76%
School lunch program	432,667	404,555	6.95%
Total expenses	22,044,854	19,458,660	13.29%
Increase in net position	\$ 226,847	\$ 2,427,151	90.65%

In Table 2, the District's increase in net position of \$226,847 is exclusive of a restatement of opening net position in the amount of \$131,570 related to the adoption of GASB 84, which now recognizes extraclassroom activity funds and expendable trust funds within the District's governmental fund statements.

The District's total revenues increased by \$385,890 and the total cost of all programs and services increased by \$2,586,194. Some of the variances causing these fluctuations are described below:

TULLY CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (continued)

The District did see a slight decrease in state aid funding, which is primarily due to the COVID-19 pandemic and the reduced spending driven aid (i.e. Transportation related aid). However, overall revenue increased, which is primarily attributed to an increase in property tax revenues and CARES Act funding.

Instruction related expenses increased due in part to an increase in contractually agreed upon salary adjustments, increased BOCES services, and added staffing (primarily in health services with added nurses and social service related positions). Debt service expenditures increased due to the related debt funding of Phase One of the 2022-23 Capital Project. General support expenses increased primarily due to an increase in COVID related expenses, facilities improvements (track resurfacing, maintenance garage renovation), and fluctuations of assumptions used to calculate other post-employment benefit costs.

Table 4 presents the cost of each of the District's largest programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 4
Governmental Activities

	Total cost of services		Net cost of services	
	2021	2020	2021	2020
General support	\$ 3,494,673	\$ 2,520,319	\$ 3,494,673	\$ 2,372,308
Instruction	15,593,616	14,389,926	15,067,686	13,981,003
Pupil transportation	1,678,130	1,705,854	1,678,130	1,705,854
Debt service - interest	896,881	438,006	896,881	438,006
School lunch program	432,667	404,555	(24,384)	81,270
	<u>\$ 22,095,967</u>	<u>\$ 19,458,660</u>	<u>\$ 21,112,986</u>	<u>\$ 18,578,441</u>
Total	<u>\$ 22,095,967</u>	<u>\$ 19,458,660</u>	<u>\$ 21,112,986</u>	<u>\$ 18,578,441</u>

Financial Analysis of the School District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The purpose of the District's governmental funds is to account for and provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. The unreserved fund balance is divided between designated balances and undesignated balances. The District has designated portions of the unreserved fund balance to earmark resources for certain government-wide liabilities and postemployment obligations that are not recognized in the governmental funds. Fund balances for capital projects are restricted by State law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

TULLY CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Financial Analysis of the School District's Funds (continued)

General Fund Budgetary Highlights

The budgetary comparison information on page 55 presents both adopted and final modified budget totals compared with actual results for the General Fund for the year ended June 30, 2021. The significant variances between the adopted and the final budget for 2021 were as follows:

Adopted budget	\$ 21,619,306
Budget adjustments	<u>160,512</u>
Final budget	<u>\$ 21,779,818</u>

Capital Assets and Debt Administration

Capital Assets

At the end of 2021, the District had \$32,857,688 invested in a broad range of capital assets, including equipment and buildings (see Table 5 below). This amount represents a net increase (including additions, deductions and accumulated depreciation) of approximately \$457,000 over last year. This increase is the result of the \$9,809,496 increase in construction in progress related to the 2018 capital project. Any deductions are a result of annual depreciation or equipment disposals.

Table 5
Capital Assets at Year End (Net of Depreciation)

	Capital Assets		Percent Change
	2021	2020	
Land	\$ 900	\$ 900	0.00%
Land improvements	1,548,088	1,548,088	
Buildings	43,312,508	41,570,400	4.19%
Vehicles	753,257	696,463	8.15%
Furniture and equipment	2,566,444	2,564,532	0.07%
Construction in progress	179,472	633,166	-71.65%
Less: accumulated depreciation	<u>(15,502,981)</u>	<u>(14,613,140)</u>	6.09%
Total	<u>\$ 32,857,688</u>	<u>\$ 32,400,409</u>	<u>1.41%</u>

Long-Term Debt

At year end, the District had approximately \$12.4 million in bonds, notes, and other debt outstanding compared to approximately \$13.8 million last year, a decrease of 9.59% as shown in Table 6.

TULLY CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Capital Assets and Debt Administration (continued)

Table 6
Outstanding Long-term Debt, at Year End

	District-Wide		Percent Change
	2021	2020	
General obligation bonds	\$ 10,335,000	\$ 11,430,000	-9.58%
Capital lease obligation	2,104,900	2,329,900	-9.66%
Total outstanding debt	<u>\$ 12,439,900</u>	<u>\$ 13,759,900</u>	<u>-9.59%</u>

The state limits the amount of general obligation debt that Districts can issue to 10% of the assessed value of all taxable property within the District's geographic limits, or \$509.2 million for 2021-22 before any tax certiorari claims. The District's outstanding general obligation debt of \$10.3 million is significantly below the 10% state-imposed debt limit of \$50.9 million.

More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.

Factors bearing on the District's Future

- The District's OPEB (other postemployment benefits) liability actuarially calculated for the current year resulted in a net increase of approximately \$2.6 million in the District's total liability of \$25.9 million. The main factor contributing to the increase were the changes in the actuarial assumptions, which included a reduction in the discount rate from 3.50% to 2.21%.
- Employer contributions for Teachers' Retirement System and Employees' Retirement System have started to increase over the last year and may continue to rise in the future.
- Since the District successfully entered the Central New York Health Insurance Cooperative, the cost of health insurance benefits has stabilized but continues to rise on an annual basis of 5% - 7% annually.
- The Property Tax Cap went into effect in 2012-13 and under this law, the total amount to be raised through property taxes charged on the District's taxable assessed value of property is capped at two percent (not including exclusions) or the rate of inflation, whichever is less, with some exceptions.
- Given that State mandated pension costs and health insurance costs are rising at a higher than two percent rate, the District anticipates related budget constraints for the foreseeable future, unless significant mandate relief is provided by the State.
- Given the uncertainty surrounding the duration and continued impact of the COVID-19 pandemic, there is concern with a reduction in current, as well as future, New York State Aid.
- District voters approved a \$10.7 million capital project in October 2019. The \$10.7 million project is projected to use \$2.75 million from Capital Project Reserves, with the remaining balance of \$7.95 million paid through debt issuance. The project is split into two separate phases. Phase 1 scope of work should be completed in the fall of 2021 and is on budget with a projected cost of \$2.6 million. Phase 2 is projected to cost approximately \$8.1 million. Construction is projected to start in late spring 2022 and is expected to be completed before winter of 2023.

TULLY CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School District Business Office at 20 State Street, Tully, New York, 13159-0628.

TULLY CENTRAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2021

ASSETS	
Cash	
Unrestricted	\$ 2,754,019
Restricted	5,217,110
Receivables	
State and federal aid	1,107,376
Other	49,274
Inventories	3,991
Capital assets, net	<u>32,857,688</u>
Total assets	<u>41,989,458</u>
DEFERRED OUTFLOWS OF RESOURCES	
Other postemployment benefits	4,755,372
Pensions	<u>4,957,437</u>
Total deferred outflows of resources	<u>9,712,809</u>
Total assets and deferred outflows of resources	<u>\$ 51,702,267</u>
LIABILITIES	
Accounts payable	\$ 31,185
Accrued liabilities	617,193
Unearned revenue	9,417
Due to other governments	180
Due to teachers' retirement system	754,136
Due to employees' retirement system	60,453
Long-term liabilities	
Due and payable within one year	
Bonds payable	1,270,000
Capital lease obligation	235,000
Other postemployment benefits payable	206,706
Due and payable after one year	
Bonds payable	9,065,000
Capital lease obligation	1,869,900
Other postemployment benefits payable	25,669,682
Compensated absences payable	417,966
Net pension liability- proportionate share	<u>1,133,756</u>
Total liabilities	<u>41,340,574</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	2,196,435
Other postemployment benefits	8,171,990
Deferred amount on bond issuance	<u>1,714,127</u>
Total deferred inflow of resources	<u>12,082,552</u>
NET POSITION	
Investment in capital assets, net of related debt	18,703,661
Restricted	5,435,021
Unrestricted (deficit)	<u>(25,859,541)</u>
Total net deficit	<u>(1,720,859)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 51,702,267</u>

See notes to basic financial statements

TULLY CENTRAL SCHOOL DISTRICT
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2021

	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS					
General support	\$ (2,998,256)	\$ (490,283)	\$ -	\$ -	\$ (3,488,539)
Instruction	(12,325,540)	(3,227,697)	123,030	402,900	(15,027,307)
Pupil transportation	(1,305,817)	(367,713)	-	-	(1,673,530)
Employee benefits	(4,085,693)	4,085,693	-	-	-
Debt service - interest	(896,881)	-	-	-	(896,881)
School lunch program	(432,667)	-	33,422	423,629	24,384
	<u>\$ (22,044,854)</u>	<u>\$ -</u>	<u>\$ 156,452</u>	<u>\$ 826,529</u>	<u>(21,061,873)</u>
GENERAL REVENUES					
Real property taxes					9,419,090
Other real property tax items					1,056,367
Non-property tax items					29,405
Use of money and property					10,779
Sale of property and compensation for loss					28,844
State sources					10,014,373
Medicaid reimbursement					233,841
Miscellaneous					496,021
					<u>21,288,720</u>
Change in net position					226,847
Total net deficit - beginning of year, as restated					<u>(1,947,706)</u>
Total net deficit - end of year					<u>\$ (1,720,859)</u>

See notes to basic financial statements

TULLY CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2021

	General	Special Aid	School Lunch Fund	Debt Service Fund	Special Revenue Funds	Capital Projects Fund	Total Governmental Funds
ASSETS							
Cash							
Unrestricted	\$ 2,279,423	\$ 72,608	\$ -	\$ -	\$ 88,030	\$ 313,958	\$ 2,754,019
Restricted	5,157,335	-	-	18,695	41,080	-	5,217,110
Receivables							
State and federal aid	748,838	290,340	68,198	-	-	-	1,107,376
Due from other funds	2,521,662	742,571	47,646	118,423	144	2,060,504	5,490,950
Other	37,960	-	-	-	11,314	-	49,274
Inventories	-	-	3,991	-	-	-	3,991
Total assets	<u>\$ 10,745,218</u>	<u>\$ 1,105,519</u>	<u>\$ 119,835</u>	<u>\$ 137,118</u>	<u>\$ 140,568</u>	<u>\$ 2,374,462</u>	<u>\$ 14,622,720</u>
LIABILITIES							
Accounts payable	\$ 25,785	\$ -	\$ 304	\$ -	\$ -	\$ 5,096	\$ 31,185
Accrued liabilities	515,037	-	32,084	-	-	-	547,121
Unearned revenue	-	9,417	-	-	-	-	9,417
Due to other funds	2,849,417	1,096,102	4,485	-	-	1,540,946	5,490,950
Due to other governments	-	-	180	-	-	-	180
Due to teachers' retirement system	754,136	-	-	-	-	-	754,136
Due to employees' retirement system	60,453	-	-	-	-	-	60,453
Total liabilities	<u>\$ 4,204,828</u>	<u>\$ 1,105,519</u>	<u>\$ 37,053</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,546,042</u>	<u>\$ 6,893,442</u>
FUND BALANCES							
Nonspendable:							
Reserved for inventory	-	-	3,991	-	-	-	3,991
Restricted for:							
Reserved for tax certiorari	15,753	-	-	-	-	-	15,753
Reserved for workers' compensation	137,656	-	-	-	-	-	137,656
Reserved for unemployment insurance	982,684	-	-	-	-	-	982,684
Reserved for employee retirement	1,194,946	-	-	-	-	-	1,194,946
Reserved for teachers' retirement	268,170	-	-	-	-	-	268,170
Reserved for capital expenditures	25,720	-	-	-	-	-	25,720
Reserved for repairs	894,542	-	-	-	-	-	894,542
Reserved for employee benefits	1,637,864	-	-	-	-	-	1,637,864
Reserved for payment of debt	-	-	-	137,118	-	-	137,118
Restricted for scholarships	-	-	-	-	41,080	-	41,080
Committed to:							
Committed fund balance	-	-	-	-	99,488	-	99,488
Assigned to:							
Assigned appropriated fund balance	150,000	-	-	-	-	828,420	978,420
Assigned unappropriated fund balance	357,334	-	78,791	-	-	-	436,125
Unassigned:							
Unassigned fund balance	875,721	-	-	-	-	-	875,721
Total fund balances	<u>6,540,390</u>	<u>-</u>	<u>82,782</u>	<u>137,118</u>	<u>140,568</u>	<u>828,420</u>	<u>7,729,278</u>
Total liabilities and fund balances	<u>\$ 10,745,218</u>	<u>\$ 1,105,519</u>	<u>\$ 119,835</u>	<u>\$ 137,118</u>	<u>\$ 140,568</u>	<u>\$ 2,374,462</u>	<u>\$ 14,622,720</u>

See notes to basic financial statements

TULLY CENTRAL SCHOOL DISTRICT
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position

June 30, 2021

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash				
Unrestricted	\$ 2,754,019	\$ -	\$ -	\$ 2,754,019
Restricted	5,217,110	-	-	5,217,110
Receivables				
State and federal aid	1,107,376	-	-	1,107,376
Due from other funds	5,490,950	-	(5,490,950)	-
Other	49,274	-	-	49,274
Inventories	3,991	-	-	3,991
Capital assets, net	-	32,857,688	-	32,857,688
Total assets	<u>14,622,720</u>	<u>32,857,688</u>	<u>(5,490,950)</u>	<u>41,989,458</u>
DEFERRED OUTFLOWS OF RESOURCES				
Other postemployment benefits	-	4,755,372	-	4,755,372
Pensions	-	4,957,437	-	4,957,437
Total deferred outflows of resources	<u>-</u>	<u>9,712,809</u>	<u>-</u>	<u>9,712,809</u>
Total assets and deferred outflows of resources	<u>\$ 14,622,720</u>	<u>\$ 42,570,497</u>	<u>\$ (5,490,950)</u>	<u>\$ 51,702,267</u>
LIABILITIES				
Payables				
Accounts payable	\$ 31,185	\$ -	\$ -	\$ 31,185
Accrued liabilities	547,121	70,072	-	617,193
Unearned revenue	9,417	-	-	9,417
Due to other funds	5,490,950	-	(5,490,950)	-
Due to other governments	180	-	-	180
Due to employees' retirement system	60,453	-	-	60,453
Due to teachers' retirement system	754,136	-	-	754,136
Long-term debt-due within one year				
Bonds payable	-	1,270,000	-	1,270,000
Capital lease obligation	-	235,000	-	235,000
Other postemployment benefits payable	-	206,706	-	206,706
Long-term debt-due in more than one year				
Bonds payable	-	9,065,000	-	9,065,000
Capital lease obligation	-	1,869,900	-	1,869,900
Other postemployment benefits payable	-	25,669,682	-	25,669,682
Compensated absences	-	417,966	-	417,966
Net pension liability- proportionate share	-	1,133,756	-	1,133,756
Total liabilities	<u>6,893,442</u>	<u>39,938,082</u>	<u>(5,490,950)</u>	<u>41,340,574</u>
DEFERRED INFLOW OF RESOURCES				
Pensions	-	2,196,435	-	2,196,435
Other postemployment benefits	-	8,171,990	-	8,171,990
Deferred amount on bond premiums	-	1,714,127	-	1,714,127
Total deferred inflows of resources	<u>-</u>	<u>12,082,552</u>	<u>-</u>	<u>12,082,552</u>
FUND BALANCE/NET POSITION				
Total fund balance/net position	<u>7,729,278</u>	<u>(9,450,137)</u>	<u>-</u>	<u>(1,720,859)</u>
Total liabilities and fund balance/net position	<u>\$ 14,622,720</u>	<u>\$ 42,570,497</u>	<u>\$ (5,490,950)</u>	<u>\$ 51,702,267</u>

See notes to basic financial statements

TULLY CENTRAL SCHOOL DISTRICT

**Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds**

For the Year Ended June 30, 2021

	General	Special Aid	School Lunch Fund	Debt Service Fund	Special Revenue Funds	Capital Projects Fund	Governmental Funds
REVENUES							
Real property taxes	9,419,090	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,419,090
Other real property tax items	1,056,367	-	-	-	-	-	1,056,367
Non-property tax items	29,405	-	-	-	-	-	29,405
Charges for services	123,030	-	-	-	-	-	123,030
Use of money and property	10,719	-	-	60	-	-	10,779
Sale of property and compensation for loss	7,372	-	-	-	-	-	7,372
State sources	9,980,904	33,469	48,524	-	-	-	10,062,897
Sales	-	-	33,422	-	-	-	33,422
Miscellaneous	433,510	-	-	-	62,511	-	496,021
Federal sources	233,841	402,900	375,105	-	-	-	1,011,846
Total revenues	<u>21,294,238</u>	<u>436,369</u>	<u>457,051</u>	<u>60</u>	<u>62,511</u>	<u>-</u>	<u>22,250,229</u>
EXPENDITURES							
General support	2,343,462	-	186,636	-	53,513	-	2,583,611
Instruction	10,679,037	436,369	-	-	-	-	11,115,406
Pupil transportation	1,317,614	-	-	-	-	-	1,317,614
School lunch program	-	-	231,886	-	-	-	231,886
Employee benefits	4,142,122	-	14,145	-	-	-	4,156,267
Debt service							
Principal	1,320,000	-	-	-	-	-	1,320,000
Interest	735,423	-	-	-	-	-	735,423
Capital outlay	101,244	-	-	-	-	1,288,414	1,389,658
Total expenditures	<u>20,638,902</u>	<u>436,369</u>	<u>432,667</u>	<u>-</u>	<u>53,513</u>	<u>1,288,414</u>	<u>22,849,865</u>
Excess (deficiency) of revenues over expenditures	<u>655,336</u>	<u>-</u>	<u>24,384</u>	<u>60</u>	<u>8,998</u>	<u>(1,288,414)</u>	<u>(599,636)</u>
Fund balance - beginning of year, as restated	<u>5,885,054</u>	<u>-</u>	<u>58,398</u>	<u>137,058</u>	<u>131,570</u>	<u>2,116,834</u>	<u>8,328,914</u>
Fund balance - end of year	<u>\$ 6,540,390</u>	<u>\$ -</u>	<u>\$ 82,782</u>	<u>\$ 137,118</u>	<u>\$ 140,568</u>	<u>\$ 828,420</u>	<u>\$ 7,729,278</u>

See notes to basic financial statements

TULLY CENTRAL SCHOOL DISTRICT

**Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in
Fund Balance to the Statement of Activities**

For the Year Ended June 30, 2021

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	\$ 9,419,090	\$ -	\$ -	\$ -	\$ 9,419,090
Other real property tax items	1,056,367	-	-	-	1,056,367
Non-property tax items	29,405	-	-	-	29,405
Charges for services	123,030	-	-	-	123,030
Use of money and property	10,779	-	-	-	10,779
Sale of property and compensation for loss	7,372	-	21,472	-	28,844
State sources	10,062,897	-	-	-	10,062,897
Federal sources	1,011,846	-	-	-	1,011,846
Sales - school lunch	33,422	-	-	-	33,422
Miscellaneous	496,021	-	-	-	496,021
Total revenues	22,250,229	-	21,472	-	22,271,701
EXPENDITURES/EXPENSES					
General support	2,583,611	13,702	484,594	102,985	3,184,892
Instruction	11,115,406	(263,250)	451,063	1,022,321	12,325,540
Pupil transportation	1,317,614	(29,991)	18,194	-	1,305,817
School lunch program	231,886	-	-	-	231,886
Employee benefits	4,156,267	(56,429)	-	-	4,099,838
Debt service	2,055,423	-	-	(1,158,542)	896,881
Capital outlay	1,389,658	-	(1,389,658)	-	-
Total expenditures/expenses	22,849,865	(335,968)	(435,807)	(33,236)	22,044,854
Excess (deficiency) of revenues over expenditures/expenses	<u>(599,636)</u>	<u>335,968</u>	<u>457,279</u>	<u>33,236</u>	<u>226,847</u>

See notes to basic financial statements

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 1 – Summary of certain significant accounting policies

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

A) Reporting entity:

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

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

The accompanying financial statements present the activities of the District and its component unit(s) and other organizational entities determined to be includable in the District’s financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District’s reporting entity.

i) Extraclassroom Activity Funds

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

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 1 - Summary of certain significant accounting policies (continued)

B) Joint venture:

The District is a component district in Onondaga-Cortland-Madison Board of Cooperative Education Services (OCMBOCES). There are 23 participating school districts, including Tully Central School District, in OCMBOCES. The participation in OCMBOCES is accounted for as a joint venture by the District since it has both an ongoing financial interest and an ongoing financial responsibility to OCMBOCES. The District has an ongoing financial interest since OCMBOCES pays surpluses to the component districts on an annual basis, although the District has no equity interest in OCMBOCES. The District does not control the financial or operating policies of OCMBOCES, however, it has an ongoing financial responsibility since the continued existence of OCMBOCES depends on continued funding from the participating school districts.

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

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

During the year, the District was billed \$3,114,291 for OCMBOCES administrative and program costs. The District's share of OCMBOCES aid amounted to \$1,528,749. Financial statements for the BOCES are available from the BOCES administrative office. As of June 30, 2020 (the most recent available audited financial statements), OCMBOCES has a total net position (deficit) of \$(187,250,589).

C) Basis of presentation:

i) District-wide statements:

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

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 1 - Summary of certain significant accounting policies (continued)

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

ii) Fund financial statements:

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

The District reports the following major governmental funds:

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

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

Special Aid Fund: Used to account for proceeds received from State and federal grants that are restricted for specific educational programs.

School Lunch Fund: Use to account for child nutrition activities whose funds are restricted as to use.

Extraclassroom Activities Fund: Used to account for funds of the students of the District that are committed for use by student organizations.

Expendable Trust Fund: Used to account for trust arrangements in which principal and income benefit annual third party awards and scholarships for students, which is restricted for such use.

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

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 1 - Summary of certain significant accounting policies (continued)

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

D) Measurement focus and basis of accounting:

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

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

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

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

E) Property taxes:

Real property taxes are levied annually by the Board of Education no later than September 1, 2020. Taxes were collected during the period September 1, 2020 to October 31, 2020.

Uncollected real property taxes are subsequently enforced by Onondaga County, in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1st.

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 1 - Summary of certain significant accounting policies (continued)

F) Restricted resources:

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

G) Interfund transactions:

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

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types. Eliminations have been made for all interfund receivables and payables between the funds.

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

Refer to Note 5 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

H) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets 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 compensated absences, post-employment benefit obligations, pension asset and liabilities, potential contingent liabilities and useful lives of long-lived assets.

I) Cash (and cash equivalents)/Investments:

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

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 1 - Summary of Certain Significant Accounting Policies (continued)

New York State law governs the 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.

J) Accounts receivable:

Accounts receivable are shown net of an allowance for uncollectible accounts, when applicable. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K) Inventories and prepaid items:

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

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

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

L) Other assets:

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

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

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 1 - Summary of certain significant accounting policies (continued)

M) Capital assets:

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2001. For assets acquired prior to June 30, 2001, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received. Land and construction in progress are not depreciated.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$50,000	Straight-line	50 Years
Building Improvements	\$50,000	Straight-line	20-50 Years
Site Improvements	\$25,000	Straight line	20 Years
Furniture and Equipment	\$5,000	Straight-line	5-15 Years

N) Deferred Outflows and Inflows of Resources:

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

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The third item represents the premium on bond obligations that is amortized over the life of the debt.

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 1 - Summary of certain significant accounting policies (continued)

O) Unearned revenue:

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

P) Vested employee benefits:

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave. The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end. In the fund statements only, the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. The amounts are expensed on a pay-as-you go basis.

Q) Other Benefits:

Eligible district employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System. District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457. In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as expenditure.

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 1 - Summary of certain significant accounting policies (continued)

R) Short-term debt:

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

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

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

S) Accrued liabilities and long-term obligations:

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

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

T) Equity classifications:

In the district-wide statements, there are three classes of net position:

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

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

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 1 - Summary of certain significant accounting policies (continued)

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

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

Non-spendable fund balance – includes amounts that cannot be spent because they are either not spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$3,991.

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

Debt Service Reserve Fund

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

Employee Benefit Accrued Liability Reserve Fund

According to GML §6-p, fund must be for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Retirement Contributions Reserve Funds

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

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 1 - Summary of certain significant accounting policies (continued)

Unemployment Insurance Payment Reserve Fund

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

Capital Reserve Fund

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

Tax Certiorari Reserve Fund

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

Workers' Compensation Reserve Fund

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

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 1 - Summary of certain significant accounting policies (continued)

Repair Reserve Funds

According to General Municipal Law §6-d, must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund.

Encumbrances

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

Restricted fund balance includes the following:

	Description
General fund	
Capital expenditures reserve	\$ 25,720
Workers' compensation reserve	137,656
Unemployment insurance reserve	982,684
Reserve for employee benefit accrual liability	1,637,864
Reserve for retirement contributions	1,194,946
Reserve for teachers' retirement contributions	268,170
Reserve for repairs	894,542
Reserve for tax certiorari	15,753
Special Revenue Fund	
Restricted for scholarships	41,080
Debt service fund	
Reserve for repayments of debt service	137,118
	\$ 5,335,533

Committed – includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the districts highest level of decision making authority, i.e., the Board of Education. The District has committed fund balance of \$99,488 in the Extraclassroom Activities Fund as of June 30, 2021.

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 1 - Summary of certain significant accounting policies (continued)

Assigned – Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes amounts appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. Appropriated fund balance and encumbrances reported in the General Fund amounted to \$150,000 and \$357,334, respectively. The School Lunch Fund and Capital Project Fund also reports assigned fund balance of \$78,791 and \$828,420, respectively. As of June 30, 2021, the District's General Fund encumbrances were classified as follows:

General Support	\$ 193,658
Instruction	163,489
Pupil Transportation	<u>187</u>
	<u>\$ 357,334</u>

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

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

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

Order of Use of Fund Balance:

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

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 1 - Summary of certain significant accounting policies (continued)

U) New accounting standards:

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

- GASB Statement No. 90, Accounting and Financial Reporting for Majority Equity Interest, effective for the year ending June 30, 2021.
- GASB Statement No. 84- Fiduciary Activities Effective for the year ending June 30, 2021. The implementation of this new standard resulted in the establishment of the Extraclassroom Activities special revenue fund and the restatement of beginning fund balance and government wide net position of \$341,467.

V) Future changes in accounting standards include the following:

- GASB Statement No. 87- Leases Effective for the year ending June 30, 2022
- GASB Statement No. 89- Accounting for Interest Cost Incurred before the End of a Construction Period Effective for the year ending June 30, 2022
- GASB has issued Statement No. 92, Omnibus 2020, effective for the year ending June 30, 2022.
- GASB has issued Statement No. 93, Replacement of Interbank Offered Rates, effective for the year ending June 30, 2021 (paragraphs 11b, 13, and 14 are effective for the year ending June 30, 2022).
- GASB has issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, effective for the year ending June 30, 2023.
- GASB has issued Statement No. 96 - Subscription-Based Information Technology Arrangements, effective for the year ending June 30, 2023.
- GASB has issued Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, effective for the year ending June 30, 2022 (the requirements in paragraph 4, as they apply to defined contribution pension plans, defined contribution OPEB plans and other employee benefit plans, and paragraph 5 were effective as of June 2020).

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

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 2 - Explanation of certain differences between fund statements and District-wide statements

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

A) Total fund balances of Governmental Funds versus Net Position of Governmental Activities:

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions and other postemployment benefits. The reconciliation is performed on Page 16.

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

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. This reconciliation is performed on page 18.

i) Long-term revenue differences:

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

ii) Capital related differences:

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

iii) Long-term debt transaction differences:

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

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 2 - Explanation of certain differences between fund statements and District-wide statements (continued)

iv) Pension differences:

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

v) OPEB differences:

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

Note 3 – Stewardship, compliance and accountability

The District administration prepares a proposed budget for approval by the Board of Education which in turn is either approved or disapproved by eligible voters in the District. The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred.

Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

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

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

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

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 4 – Cash and cash equivalents

Total financial institution bank balances at year-end, per the bank, were \$7,993,105. These deposits are insured or collateralized with securities held by the financial institution in the District's name.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$5,269,812 within the governmental funds.

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2021 all deposits were fully insured and collateralized by the District's agent in the District's name.

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

Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

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

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

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations.

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 5 – Interfund balances

	Interfund	
	Receivable	Payable
General Fund	\$ 2,521,662	\$ 2,849,417
Special Aid Fund	742,571	1,096,102
School Lunch Fund	47,646	4,485
Debt Service Fund	118,423	-
Special Revenue Funds	144	-
Capital Projects Fund	2,060,504	1,540,946
Total government activities	5,490,950	5,490,950

The District typically transfers from the General Fund to the Capital Fund to help fund capital renovations and additions. The district also transfers from the General Fund to the Special Aid fund the local portion of the Special Education Summer School Program. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All Interfund payables are expected to be repaid within one year.

Note 6 - Capital assets

Capital asset balances and activity were as follows:

	Beginning Balance	Additions	Deletions/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 900	\$ -	\$ -	\$ 900
Construction in progress	633,166	1,288,414	(1,742,108)	179,472
Total nondepreciable	634,066	1,288,414	(1,742,108)	180,372
Capital assets that are depreciated:				
Land improvements	1,548,088	-	-	1,548,088
Buildings	41,570,400	1,742,108	-	43,312,508
Vehicles	696,463	56,794	-	753,257
Furniture and equipment	2,564,532	44,450	(42,538)	2,566,444
Total depreciable assets	46,379,483	1,843,352	(42,538)	48,180,297
Less accumulated depreciation:				
Land improvements	(1,523,751)	(16,225)	-	(1,539,976)
Buildings	(10,922,344)	(759,820)	-	(11,682,164)
Vehicles	(571,493)	(25,183)	-	(596,676)
Furniture and equipment	(1,595,552)	(152,623)	64,010	(1,684,165)
Total accumulated depreciation	(14,613,140)	(953,851)	64,010	(15,502,981)
Total capital assets, net	\$ 32,400,409	\$ 2,177,915	\$ (1,720,636)	\$ 32,857,688

Depreciation expense was charged to governmental functions as follows:

General support	\$ 484,594
Instruction	451,063
Pupil transportation	18,194
	\$ 953,851

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 7 - Long-term obligations

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

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

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

	Beginning Balance	Issued	Redeemed	Ending Balance	One Year
Governmental activities					
Bonds payable	\$ 11,430,000	\$ -	\$ 1,095,000	\$ 10,335,000	\$ 1,270,000
Long term capital lease obligation	2,329,900	-	225,000	2,104,900	235,000
Other obligations					
Other postemployment benefits payable	23,224,204	6,594,395	3,942,211	25,876,388	206,706
Net pension liability	1,395,732	-	261,976	1,133,756	-
Compensated absences	474,395	-	56,429	417,966	-
Total long-term obligations	<u>\$129,973,438</u>	<u>\$ 6,594,395</u>	<u>\$ 5,580,616</u>	<u>\$ 39,868,010</u>	<u>\$ 1,711,706</u>

Interest paid and expensed on long-term obligations for the year approximated \$735,000.

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

The following is a schedule of bonds outstanding at June 30, 2021:

Payable from/ Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
Serial Bonds	6/15/2020	\$ 8,700,000	6/15/2034	5.00%	\$ 8,370,000
Serial Bonds	6/15/2012	\$ 5,450,000	6/15/2023	1.00-2.00%	1,315,000
Serial Bonds	5/1/2017	\$ 1,245,000	5/1/2025	1.00-3.00%	650,000
					<u>\$ 10,335,000</u>

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 7 - Long-term obligations (continued)

During 2020, the District issued serial bonds of \$8,700,000. This issuance resulted in a premium in the amount of \$1,761,696 to be amortized over the period through 2034. At June 30, 2021, \$1,635,861 remains to be amortized.

During 2012, the District issued serial bonds of \$5,450,000. This issuance resulted in a premium in the amount of \$430,454 to be amortized over the period through 2023. At June 30, 2021, \$78,266 remains to be amortized.

The District entered into a capital lease for improvements to implement energy cost-saving techniques. The lease is for a 15 year period of time and requires annual principal and interest payments of approximately \$304,000, beginning on November 1, 2014. The net book value of assets recorded under this capital lease approximated \$3,169,000 as of June 30, 2021. At June 30, 2021, \$2,104,900 of the capital lease obligation remains to be paid.

The following is a schedule of capital lease obligations outstanding at June 30, 2021:

<u>Payable from/ Description</u>	<u>Date of Original Issue</u>	<u>Original Amount</u>	<u>Date of Final Maturity</u>	<u>Interest Rate (%)</u>	<u>Outstanding Amount</u>
Capital lease obligation	6/1/2013	\$ 3,520,891	11/1/2028	3.29%	\$ 2,104,900

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

<u>Fiscal year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,505,000	\$ 559,851	\$ 2,064,851
2023	1,565,000	498,170	2,063,170
2024	940,000	433,924	1,373,924
2025	975,000	394,499	1,369,499
2026	840,000	353,509	1,193,509
2027-31	4,189,900	1,179,151	5,369,051
2032-35	2,425,000	246,500	2,671,500
Totals	<u>\$ 12,439,900</u>	<u>\$ 3,665,604</u>	<u>\$ 16,105,504</u>

Note 8 – Pension obligations

General Information

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

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 8 – Pension obligations (continued)

Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS):

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

Employees' Retirement System (ERS):

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

Funding policies:

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

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 8 – Pension obligations (continued)

For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year.

Contributions for the current year and two preceding years based on covered payroll were as follows:

	NYSTRS	NYSERS
2020-2021	\$ 690,674	\$ 219,636
2019-2020	614,798	194,480
2018-2019	735,257	184,913

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year. ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

Pension Liabilities, Pension Expense (Credit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At June 30, 2021, the District reported the following asset/ (liability) for its proportionate share of the net pension asset / (liability) for each of the Systems. The net pension asset/ (liability) was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension asset/ (liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/ (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Actuarial valuation date	4/1/2020	6/30/2019
Net pension asset/ (liability)	(\$5,387)	(1,128,369)
District's portion of the Plan's total net pension asset/ (liability)	0.0054103%	0.040835%

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 8 – Pension obligations (continued)

For the year ended June 30, 2021, the District’s recognized pension expense of \$1,521,418 for TRS and \$119,854 for ERS. At June 30, 2021, the District’s reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflow of resources		Deferred inflow of resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 65,793	\$ 988,677	\$ -	\$ 57,827
Changes of assumption	990,542	1,427,124	18,682	508,695
Net difference between projected and actual earnings on pension plan investments	-	736,923	1,547,535	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	23,789	51,604	22,628	41,068
District's contribution subsequent to the measurement date	-	672,985	-	-
Total	<u>\$1,080,124</u>	<u>\$3,877,313</u>	<u>\$1,588,845</u>	<u>\$ 607,590</u>

District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension 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 ended:	ERS	TRS
2022	\$ (96,177)	\$ 1,114,784
2023	(32,721)	889,563
2024	(82,511)	731,581
2025	(297,313)	455,787
2026	-	20,596
Thereafter	-	57,412
	<u>\$ (508,722)</u>	<u>\$ 3,269,723</u>

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 8 – Pension obligations (continued)

Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	5.90%	7.10%
Salary increases	3.00 - 6.00%	1.90%-4.72%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2009- June 30, 2014 System's Experience
Inflation rate	2.70%	2.20%

For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014 System’s experience with adjustments for mortality improvements based on the Society of Actuaries’ Scale AA. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on the Society of Actuaries’ Scale MP-2020. For TRS, the actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2015. For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

The 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. The long term expected 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 the target asset allocation percentage and by adding expected inflation.

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 8 – Pension obligations (continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Asset type	ERS		TRS	
	Target Allocation 2021	Long-term expected Real rate of return 2021	Target Allocation 2020	Long-term expected Real rate of return 2020
Domestic equity	32%	4.05%	33.00%	7.10%
International equity	15%	6.30%	16.00%	7.70%
Real estate	9%	4.95%	11.00%	6.80%
Private equities	10%	6.75%	8.00%	10.40%
Domestic fixed income securities	0%	0.00%	16.00%	1.80%
Global fixed income securities	0%	0.00%	2.00%	1.00%
Credit	4%	3.63%	0.00%	0.00%
High-yield fixed income securities	23%	0.00%	1.00%	3.90%
Private debt	0%	0.00%	1.00%	5.20%
Real estate debt	0%	0.00%	7.00%	3.60%
Opportunistic portfolio	3%	4.50%	0.00%	0.00%
Cash	1%	0.00%	1.00%	0.70%
Global equities	0%	0.00%	4.00%	7.40%
Real assets	3%	5.95%	0.00%	0.00%
	<u>100%</u>		<u>100%</u>	

The real rate of return is net of the long-term inflation assumption of 2.7% for ERS and 2.2% for TRS.

*Excludes equity- oriented long-only funds. For investment management purposes, these funds are included in domestic equity and international equity.

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 8 – Pension obligations (continued)

Discount Rate

The discount rate used to calculate the total pension asset/ (liability) was 5.90% for ERS and 7.10% for TRS. The projection of cash flows used to determine the discount rate assumes the contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the System's 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 Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset/(liability) as of June 30, 2021 calculated using the discount rate of 5.90% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.90% for ERS and 6.10% for TRS) or 1-percentage point higher (6.90% for ERS and 8.10% for TRS) than the current rate:

ERS	1% Decrease <u>(4.9%)</u>	Current Assumption <u>(5.9%)</u>	1% Increase <u>(6.9%)</u>
Employer's proportionate share of the net pension asset (liability)	<u>\$ (1,495,292)</u>	<u>\$ (5,387)</u>	<u>\$ 1,368,654</u>
 TRS	 1% Decrease <u>(6.10%)</u>	 Current Assumption <u>(7.10%)</u>	 1% Increase <u>(8.10%)</u>
Employer's proportionate share of the net pension asset (liability)	<u>\$ (7,127,516)</u>	<u>\$ (1,128,369)</u>	<u>\$ 3,906,436</u>

Changes of Assumptions

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 8 – Pension obligations (continued)

Collective Pension Expense

Collective pension expense includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2021 is \$1,521,418 for TRS and \$119,854 for ERS.

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$60,453.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$754,136.

Note 9 – Postemployment benefit obligations payable

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

Funding Policy- The obligation of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employees are required to reach age 55 and have 3 to 15 years of service to qualify for other post-employment benefits. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis. During the year ended June 30, 2021, approximately \$539,934 was paid on behalf of 73 retirees, beneficiaries and spouses of retirees.

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

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 9 – Postemployment benefit obligations payable (continued)

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

Retirees, spouses, and beneficiaries	73
Active employees	162
	235

The District's total OPEB liability of \$25,876,388 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020.

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

Inflation	2.50%
Salary Increases	3.50%
Discount Rate	2.21%
Healthcare Cost Trend Rates	7.0% to 4.04% over 70 years

The Discount rate was based on the published Bond Buyer GO 20-Bond Municipal Index. Mortality rates were based on RPH-2014 Mortality Table, as appropriate, with adjustments for mortality improvements based on Scale MP-2020.

Termination rates are based on tables used by the New York State Teachers' Retirement System and the New York State and Local Retirement System. Rates are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement.

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 9 – Postemployment benefit obligations payable (continued)

Changes in the District’s net OPEB liability were as follows:

Balance at June 30, 2020	<u>\$ 23,224,204</u>
<u>Changes for the Year</u>	
Service cost	811,514
Interest	831,765
Differences between expected vs. actual experience	(3,400,223)
Effects of assumptions changes or inputs	4,951,116
Benefit payments	<u>(541,988)</u>
Net Changes	<u>2,652,184</u>
Balance at June 30, 2021	<u>\$ 25,876,388</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% in 2020 to 2.21% in 2021.

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

Change in Discount Rate

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 30,970,176</u>	<u>\$ 25,876,388</u>	<u>\$ 21,848,431</u>

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

Healthcare

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 21,301,118</u>	<u>\$ 25,876,388</u>	<u>\$ 31,918,868</u>

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 9 – Postemployment benefit obligations payable (continued)

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$6,460,183. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (5,512,218)
Effect of assumption changes or inputs	4,215,438	\$ (2,659,772)
Employer contributions subsequent to the measurement date	539,934	-
	<u>\$ 4,755,372</u>	<u>\$ (8,171,990)</u>

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

Year Ended June 30,	Amount
2022	\$ (896,639)
2023	(1,436,573)
2024	(1,183,371)
2025	(294,180)
2026	225,916
Thereafter	168,229
	<u>\$ (3,416,618)</u>

Note 10 – Unrestricted net position

Unrestricted net position in the general fund at June 30, 2021 is comprised of \$357,344 reserved for encumbrances and \$823,019 in unassigned fund balance.

Note 11 – Risk management

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

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 11 – Risk management (continued)

The District incurs costs related to an employee health insurance plan (plan). The plan 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. Districts joining the plan must remain a member for a minimum of two years; a member may withdraw from the plan after that time by providing written intent to withdraw on or before May 1st of the commencement of the school year for which the withdrawal is intended to be effective. The Central New York Health Insurance consortium has thirty (30) members with each bearing a pro-rata share of the plan's assets and claims liabilities. Plan members are subject to a pro-rata 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. 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. All plan cash accounts are collateralized by securities held by the financial institution where deposits are made. 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 the claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made. The District incurred premiums totaling approximately \$2,284,000 for the current year. Payments of claims and claim adjustment expenses are pooled for the group and each member's premiums are adjusted accordingly.

The District incurs costs related to an employee workers' compensation plan. The plan 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. Districts joining the plan must remain a member for a minimum of two years; a member may withdraw from the plan after that time by submitting a thirty days written notice. The Onondaga-Cortland-Madison Workers' Compensation Consortium includes thirty-one (31) members with each bearing a pro-rata 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. 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 the claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made. The District incurred premiums totaling approximately \$98,000 for the current year. Payments of claims and claim adjustment expenses are pooled for the group and each member's premiums are adjusted accordingly.

TULLY CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 12 – Donor restricted endowments

The District administers endowment funds, which are restricted by the donor for the purposes of student scholarships. The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

Note 13 – Commitments and contingent liabilities

The District has received grants, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the District's administration believes disallowances, if any, will be immaterial. New York State Education Law requires that most capital projects require approval by the New York Office of Facilities Planning. New York State provides building aid for certain type of capital projects undertaken by school districts. Building aid is subject to numerous reporting requirements. The failure to adhere to these reporting requirements could lead to the refund of building aid already received and the loss of future aid on these particular capital projects. Building aid represents a significant source of financing for the Districts' financing of such projects and any loss or refund of building aid could have a significant impact on these financial statements.

Several tax certiorari actions are pending against the District for reductions in the assessment value of various properties. Management believes that the likelihood of a reduction is probable. Provisions for losses for those cases are recorded as long-term liabilities. The District plans on funding any settlements from the Tax Certiorari Reserve, and/or future appropriations.

Note 14 – Subsequent events

Management has evaluated subsequent events through October 12, 2021, which is the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in the financial statements.

Tully Central School District
Required Supplementary Information
Schedule of Changes in the District's Total OPEB
Liability and Related Ratios
For the Year Ended June 30, 2021

	2021	2020	2019	2018
Measurement date	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Total OPEB liability	\$ 25,876,388	\$ 23,224,204	\$ 22,257,445	\$ 28,528,709
Service cost	811,514	847,753	957,575	1,242,289
Interest	831,765	884,107	1,052,485	919,041
Changes in benefit terms	-	(187,178)	(1,313,441)	-
Differences between expected and actual experience in the measurement of the total OPEB liability	(3,400,223)	-	(4,847,822)	-
Effect of demographic gains or losses	-	-	-	-
Changes in assumptions or other inputs	4,951,116	(57,802)	(1,618,837)	(4,411,031)
Benefit payments	<u>(541,988)</u>	<u>(520,121)</u>	<u>(501,224)</u>	<u>(452,715)</u>
Net change in total OPEB liability	2,652,184	966,759	(6,271,264)	(2,702,416)
Total OPEB liability- beginning	<u>23,224,204</u>	<u>22,257,445</u>	<u>28,528,709</u>	<u>31,231,125</u>
Total OPEB liability- ending	<u>\$ 25,876,388</u>	<u>\$ 23,224,204</u>	<u>\$ 22,257,445</u>	<u>\$ 28,528,709</u>
Covered payroll	\$ 9,104,003	\$ 8,643,021	\$ 8,868,618	\$ 8,309,720
Total OPEB liability as a percentage of covered payroll	284.23%	268.70%	250.97%	343.32%

See paragraph on supplementary schedules included in the auditor's report.

TULLY CENTRAL SCHOOL DISTRICT
Required Supplementary Information - Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual
REVENUES					
Local sources					
Real property taxes	\$ 10,421,459	\$ 9,419,090	\$ 9,419,090	\$ -	\$ -
Other tax items	78,591	1,080,960	1,085,772	-	4,812
Charges for services	63,000	63,000	123,030	-	60,030
Use of money and property	2,700	2,700	10,719	-	8,019
Sale of property and compensation for loss	1,000	1,000	7,372	-	6,372
Miscellaneous	117,000	117,750	433,510	-	315,760
Total local sources	<u>10,683,750</u>	<u>10,684,500</u>	<u>11,079,493</u>	<u>-</u>	<u>394,993</u>
State sources	10,486,899	10,486,899	9,980,904	-	(505,995)
Medicaid	198,776	198,776	233,841	-	35,065
Total revenues	<u>21,369,425</u>	<u>21,370,175</u>	<u>21,294,238</u>	<u>-</u>	<u>(75,937)</u>
OTHER FINANCING SOURCES					
Interfund transfers	239,881	239,881	-	-	(239,881)
Total revenues and other sources	<u>21,609,306</u>	<u>21,610,056</u>	<u>21,294,238</u>	<u>-</u>	<u>(315,818)</u>
EXPENDITURES					
General support					
Board of education	24,875	27,591	25,219	-	2,372
Central administration	231,381	231,366	230,121	357	888
Finance	333,443	351,464	332,693	1,954	16,817
Staff	102,088	98,369	92,862	-	5,507
Central services	1,759,423	1,988,493	1,554,477	191,346	242,670
Special items	165,527	164,821	159,724	-	5,097
Total general support	<u>2,616,737</u>	<u>2,862,104</u>	<u>2,395,096</u>	<u>193,657</u>	<u>273,351</u>
Instruction					
Instruction, administration and improvement	828,117	903,767	790,734	52,875	60,158
Teaching - regular school	5,199,894	4,991,303	4,859,679	72,987	58,637
Programs for students with disabilities	2,366,108	2,499,798	2,495,759	-	4,039
Occupational education	600,093	601,405	594,600	-	6,805
Instructional media	842,211	996,024	957,670	30,452	7,902
Pupil services	1,064,539	1,132,400	1,028,180	7,176	97,044
Total instruction	<u>10,900,962</u>	<u>11,124,697</u>	<u>10,726,622</u>	<u>163,490</u>	<u>234,585</u>
Pupil transportation	1,423,612	1,447,353	1,319,639	187	127,527
Employee benefits	4,268,183	4,199,354	4,142,122	-	57,232
Debt service	2,127,331	2,055,423	2,055,423	-	-
Total expenditures	<u>21,336,825</u>	<u>21,688,931</u>	<u>20,638,902</u>	<u>357,334</u>	<u>692,695</u>
OTHER FINANCING USES					
Transfer to other funds	282,481	90,887	-	-	90,887
Total expenditures and other uses	<u>\$ 21,619,306</u>	<u>\$ 21,779,818</u>	<u>\$ 20,638,902</u>	<u>\$ 357,334</u>	<u>\$ 783,582</u>
Net change in fund balance			655,336		
Fund balance - beginning, as restated			<u>5,885,054</u>		
Fund balance - ending			<u>\$ 6,540,390</u>		

See paragraph on supplementary schedules included in the auditor's report.

TULLY CENTRAL SCHOOL DISTRICT
Schedule of District Contributions
For the Year Ended June 30, 2021

<i>Employees' Retirement System</i>							
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 241,811	\$ 194,480	\$ 184,913	\$ 188,911	\$ 194,881	\$ 217,416	\$ 268,772
Contributions in relation to the contractually required contribution	<u>241,811</u>	<u>194,480</u>	<u>184,913</u>	<u>188,911</u>	<u>194,881</u>	<u>217,416</u>	<u>268,772</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,699,717	\$ 1,617,984	\$ 1,593,730	\$ 1,427,884	\$ 1,390,044	\$ 1,257,571	\$ 1,314,015
Contributions as a percentage of covered payroll	14%	12%	12%	13%	14%	17%	20%
<i>Teachers' Retirement System</i>							
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 672,985	\$ 614,798	\$ 735,257	\$ 655,265	\$ 768,279	\$ 1,114,443	\$ 1,072,924
Contributions in relation to the contractually required contribution	<u>672,985</u>	<u>614,798</u>	<u>735,257</u>	<u>655,265</u>	<u>768,279</u>	<u>1,114,443</u>	<u>1,072,924</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,061,752	\$ 7,037,219	\$ 7,049,291	\$ 6,721,284	\$ 6,682,398	\$ 6,347,534	\$ 6,173,492
Contributions as a percentage of covered payroll	10%	9%	10%	10%	11%	18%	17%

See paragraph on supplementary schedules included in auditor's report.

TULLY CENTRAL SCHOOL DISTRICT
Schedule of District's Proportionate Share of the Net Pension Asset (Liability)
For the Year Ended June 30, 2021

<i>Employees' Retirement System</i>							
	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset (liability)	0.0054103%	0.0052708%	0.0049697%	0.0049921%	0.0052693%	0.0050189%	0.0052298%
District's proportionate share of the net pension (asset) liability	\$ 5,387	\$ 1,395,732	\$ 352,116	\$ 161,117	\$ 495,112	\$ 832,882	\$ 176,677
District's covered payroll	\$ 1,699,717	\$ 1,617,984	\$ 1,593,730	\$ 1,427,884	\$ 1,390,044	\$ 1,257,571	\$ 1,314,015
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	0.32%	86.26%	22.09%	11.28%	35.62%	66.23%	13.45%
Plan fiduciary net position as a percentage of the total pension asset or liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
<i>Teachers' Retirement System</i>							
	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset (liability)	0.0408350%	0.0414590%	0.0410020%	0.0415070%	0.0412310%	0.0409600%	0.0407270%
District's proportionate share of the net pension (asset) liability	\$ 1,128,369	\$ (1,077,095)	\$ (741,417)	\$ (315,498)	\$ 441,599	\$ (4,254,388)	\$ (4,536,745)
District's covered payroll	\$ 7,061,752	\$ 7,037,219	\$ 7,049,291	\$ 6,721,284	\$ 6,682,398	\$ 6,347,534	\$ 6,173,492
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	-15.98%	15.31%	10.52%	4.69%	-6.61%	67.02%	73.49%
Plan fiduciary net position as a percentage of the total pension liability	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

See paragraph on supplementary schedules included in auditor's report.

TULLY CENTRAL SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund
For the Year Ended June 30, 2021

CHANGE FROM ADOPTED TO REVISED BUDGET

Adopted budget	\$ 21,455,530
Add prior year's encumbrances	<u>163,776</u>
Original budget	21,619,306
Budget revision:	<u>160,512</u>
Revised budget	<u><u>\$ 21,779,818</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-22 voter-approved expenditure budget maximum allowed (4% of 2020-21 budget)	\$ 21,893,037
General fund fund balance subject to Section 1318 of Real Property Tax Law*:	
Unrestricted fund balance:	
Assigned fund balance	507,334
Unassigned fund balance	<u>875,721</u>
Total unrestricted fund balance	<u>1,383,055</u>
Less:	
Appropriated fund balance	150,000
Encumbrances included in committed and assigned fund balance	<u>357,334</u>
Total adjustments	<u>507,334</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law	<u><u>\$ 875,721</u></u>
Actual percentage	4.00%

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

See paragraph on supplementary schedules included in auditor's report.

TULLY CENTRAL SCHOOL DISTRICT
Schedule of Project Expenditures - Capital Projects Fund
For the Year Ended June 30, 2021

	Original Budget	Revised Budget	Expenditures				Unexpended Balance	Proceeds of Obligations	Methods of Financing			Fund Balance June 30, 2021
			Prior Years	Current Year	Transfers	Total			State Aid	Local Sources	Total	
Asbestos Project	\$ 450,000	\$ 450,000	\$ 422,568	\$ -	\$ -	\$ 422,568	\$ 27,432	\$ -	\$ -	\$ 422,568	\$ 422,568	\$ -
2022 Capital Project - Phase I	1,800,000	1,800,000	633,166	1,108,942	-	1,742,108	57,892	-	-	1,742,108	1,742,108	-
2022 Capital Project - Phase II	8,900,000	8,900,000	-	179,472	-	179,472	8,720,528	-	-	1,007,892	1,007,892	828,420
Total projects	\$ 11,150,000	\$ 11,150,000	\$ 1,055,734	\$ 1,288,414	\$ -	\$ 2,344,148	\$ 8,805,852	\$ -	\$ -	\$ 3,172,568	\$ 3,172,568	\$ 828,420

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

TULLY CENTRAL SCHOOL DISTRICT
Net Investment in Capital Assets
For the Year Ended June 30, 2021

Capital assets, net		\$ 32,857,688
Deduct:		
Premium on bonds payable	(1,714,127)	
Short-term portion of capital lease obligation	(235,000)	
Short-term portion of bonds payable	(1,270,000)	
Long-term portion of bonds payable	(9,065,000)	
Long-term portion of capital lease obligation	(1,869,900)	
	(14,154,027)	(14,154,027)
Net investment in capital assets		\$ 18,703,661

See paragraph on supplementary schedules included in the auditor's report.



grossman st. amour

CERTIFIED PUBLIC ACCOUNTANTS PLLC

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

INDEPENDENT AUDITOR'S REPORT

Board of Education
Tully Central School District
Tully, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tully Central School District (the District) as of and for the year June 30, 2021, and the related notes to the financial statements, which collectively comprise Tully Central School District's basic financial statements and have issued our report thereon dated October 12, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tully Central School District's internal control over financial reporting (internal control) as a basis for designing 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 Tully Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Tully Central School District's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Tully Central School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of Tully Central School District in a separate letter dated October 12, 2021.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Grossman St Amour CPAs

Syracuse, New York
October 12, 2021



grossman st. amour

CERTIFIED PUBLIC ACCOUNTANTS PLLC

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

Board of Education
Tully Central School District
Tully, New York

Report on Compliance for Each Major Federal Program

We have audited Tully Central School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Tully Central School District's major federal programs for the year ended June 30, 2021. Tully Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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



Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

Restricted Use

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

Grossman St Amour CPAs

Syracuse, New York
October 12, 2021

TULLY CENTRAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

	<u>Federal CFDA Number</u>	<u>Pass-Through Number</u>	<u>Current Year Expenditures</u>
U.S. Department of Education			
Passed through New York State Department of Education: (Grantor's No. 251601060000)			
<u>Special Education Cluster:</u>			
Special Education - Grants to States	84.027A	0032200353	\$ 190,758
Special Education - Preschool Grants	84.173A	0033200353	<u>9,561</u>
Total Special Education Cluster			<u>200,319</u>
Governor's Emergency Reducation Relief (GEER) Fund	84.425C	5895211325	20,775
Elementary and Secondary Emergency Relief (ESSER) Fund	84.425D	5890211325	140,041
Title I Grants to Local Educational Agencies	84.010A	0021191325	158,411
Improving Teacher Quality State Grants	84.367A	0147201325	41,669
Title IV Student Support and Academic Enrichment Grants	84.424A	0204191325	<u>2,500</u>
Total U.S. Department of Education			<u>563,715</u>
U.S. Department of Agriculture			
Passed through New York State Department of Education (Grantor's No. 251601060000)			
<u>Child Nutrition Cluster:</u>			
Summer Food Service Program for Children	10.559		348,938
National School Lunch Program (non-cash assistance)	10.555		<u>26,167</u>
Total U.S. Department of Agriculture			<u>375,105</u>
Total Expenditures of Federal Awards			<u>\$ 938,820</u>

The accompanying notes are an integral part of the schedule

TULLY CENTRAL SCHOOL DISTRICT
Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the Tully Central School District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information in this schedule 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 the preparation of, the financial statements. CFDA numbers and pass-through numbers are provided, when available.

2. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is a summary of the activity of Tully Central School District's federal award programs and presents transactions that are included in the financial statements of the District presented on the modified accrual basis of accounting, as required by accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

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 provided. Tully Central School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Food Distribution

The District is the recipient of a federal award program that does not result in cash receipts or disbursements. The District was granted approximately \$26,200 of commodities under the National School Lunch Program (CFDA 10.555).

TULLY CENTRAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the year ended June 30, 2021

I. Summary of Audit Results

Financial Statements

Type of auditor's report issued: *unmodified*

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be a material weakness? _____ Yes X None reported

Noncompliance material to the financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be a material weakness? _____ Yes X None reported

Type of auditor's 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 X No

Identification of major programs:

<i>Name of Federal Program or Cluster</i>	<i>CFDA Number(s)</i>
<i>Child Nutrition Cluster</i>	
Summer Food Service program for Children	10.559
National School Lunch Program (non-cash assistance)	10.555

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

Auditee qualified as low-risk auditee? _____ Yes X No

TULLY CENTRAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the year ended June 30, 2021

II. Financial Statement Findings

None reported.

III. Federal Award Findings and Questioned Costs

None reported.

IV. Prior Year Findings

None reported.