

**TIOGA
CENTRAL SCHOOL DISTRICT**

Tioga Center, New York

FINANCIAL REPORT

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

TIOGA CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

Board of Education
Tioga Central School District
Tioga Center, New York

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, Schedule of Changes in the School District's Total OPEB Liability and Related Ratios, the Schedules of School District's Contributions - NYSLRS and NYSTRS Pension Plans, the Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability, and related notes on pages 4-4j and 49-57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures - Capital Projects Fund, and Schedule of Net Investment in Capital Assets (supplementary information) on pages 58-60 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2020 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully submitted,

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

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 24, 2020

TIOGA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

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

FINANCIAL HIGHLIGHTS

- The School District recognizes its total other postemployment benefits (OPEB) liability, as well as deferred outflows and deferred inflows of resources related to the OPEB plan in accordance with the parameters of GASB Statement No. 75. "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." Current year recognition resulted in a decrease of District-wide expenses of \$1,700,174, compared to an increase of \$1,488,617 in 2019 and a net liability of \$58,089,184.
- The School District ended the year with a total net deficit of \$36,376,135, a decrease in the deficit of \$2,503,803 from the prior year. The year-end net position was composed of \$3,620,678 in restricted, \$11,785,425 in net investment in capital assets, and \$51,782,238 in unrestricted net deficit. The unrestricted net deficit decreased \$2,551,096 compared to the prior year, primarily because of the change in the OPEB liability of \$1,700,174.
- Revenues exceeded expenses by \$2,503,803 in 2020, compared to revenues exceeding expenses by \$5,200,581 in 2019.
- The School District had \$17,804,530 in outstanding debt at year end, a decrease of \$2,042,448 from the prior year, primarily due to principal payments on outstanding debt more than proceeds.
- Capital asset additions during 2020 amounted to \$473,134 for the purchase of buses, vehicles, equipment, and construction in progress expenditures. Depreciation expense was \$1,293,591 for the current year.
- The General Fund budgeted expenditures, including carry-over encumbrances and other financing uses, were underspent by \$1,951,218, while revenues and other financing sources were overbudget by \$14,636.
- Total General Fund balance, including reserves, was \$6,427,499 at June 30, 2020. Unassigned fund balance amounted to \$2,518,036 which was subject to and above the maximum limit (4% of 2020-2021 appropriations) permitted under New York State Real Property Tax Law.

TIOGA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

District-wide Financial Statements

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

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

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

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

TIOGA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

Governmental Fund Financial Statements

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

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The School District's combined net deficit for the fiscal year ended June 30, 2020 decreased by \$2,503,803. Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the School District's Governmental Activities.

TIOGA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

Figure 1

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2019</i>	<i>2020</i>	<i>2019 - 2020</i>
<i>Current Assets</i>	\$ 5,373,931	\$ 6,166,206	\$ 792,275
<i>Noncurrent Assets</i>	4,498,940	4,354,241	(144,699)
<i>Capital Assets, Net</i>	29,474,676	28,524,745	(949,931)
<i>Total Assets</i>	39,347,547	39,045,192	(302,355)
<i>Deferred Charges on Defeased Debt</i>	792,375	691,801	(100,574)
<i>Other Postemployment Benefits</i>	1,359,375	1,866,415	507,040
<i>Pensions</i>	3,500,103	3,733,379	233,276
<i>Total Deferred Outflows of Resources</i>	5,651,853	6,291,595	639,742
<i>Current Liabilities</i>	10,793,404	4,148,976	(6,644,428)
<i>Noncurrent Liabilities</i>	56,649,683	64,461,560	7,811,877
<i>Total Liabilities</i>	67,443,087	68,610,536	1,167,449
<i>Other Postemployment Benefits</i>	15,458,619	11,781,807	(3,676,812)
<i>Pensions</i>	977,632	1,320,579	342,947
<i>Total Deferred Inflows of Resources</i>	16,436,251	13,102,386	(3,676,812)
<i>Net Investment in Capital Assets</i>	11,352,328	11,785,425	433,097
<i>Restricted</i>	4,101,068	3,620,678	(480,390)
<i>Unrestricted</i>	(54,333,334)	(51,782,238)	2,551,096
<i>Total Net Position (Deficit)</i>	\$ (38,879,938)	\$ (36,376,135)	\$ 2,503,803

The increase in current assets is primarily due to an increase in cash based on revenues exceeding expenditures in the General Fund. The decrease in capital assets, net, stems from depreciation expense and net book value of disposed assets exceeding capital outlay. The decrease in noncurrent assets is primarily related to decreases in General Fund reserves partially offset by changes in the School District's proportionate share of the New York State Teachers' Retirement System's net asset.

The changes in deferred outflows of resources - pensions, and deferred inflows of resources - pensions, are related to changes in the actuarially determined proportionate share of the pension systems plans net pension asset/liability and related deferred outflows and inflows of resources. Deferred outflows - deferred charges on defeased debt decreased based on the regular amortization of deferred charges.

Current liabilities decreased primarily due to BANs refunded with long-term bond proceeds.

Changes in noncurrent liabilities, deferred outflows of resources - OPEB, and deferred inflows of resources - OPEB are primarily due to recognition of GASB Statement No. 75, which is based on an actuarial valuation of the School District's OPEB plan, as well as regular principal payments and proceeds of long-term debt.

TIOGA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

Net investment in capital assets increased based on capital outlay, unspent debt proceeds, and debt principal payments exceeding debt proceeds, net book value of disposed assets, and depreciation expense for the current year. Restricted resources decreased primarily due to decreases in General Fund reserves. Unrestricted net deficit decreased based on the change in GASB Statement No. 75 OPEB liability and related items of \$1,700,174 in 2020, and as a result of operations. Our analysis in *Figure 2* considers the operations of the School District's activities.

Figure 2

<i>Changes in Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2019</i>	<i>2020</i>	<i>2019 - 2020</i>
REVENUES			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 219,470	\$ 155,676	\$ (63,794)
<i>Operating Grants</i>	1,363,633	1,395,968	32,335
<i>Capital Grants</i>	886,734	61,336	(825,398)
<i>General Revenues:</i>			
<i>Real Property Taxes</i>	3,282,785	3,307,352	24,567
<i>Real Property Tax Items</i>	627,253	685,548	58,295
<i>State Sources</i>	14,537,695	15,239,827	702,132
<i>Use of Money and Property</i>	26,625	25,212	(1,413)
<i>Other General Revenues</i>	597,447	94,520	(502,927)
<i>Special Item: Change in Estimate</i>	379,052		(379,052)
Total Revenues	\$ 21,920,694	\$ 20,965,439	\$ (955,255)
PROGRAM EXPENSES			
<i>General Support</i>	\$ 2,377,334	\$ 2,649,867	\$ 272,533
<i>Instruction</i>	11,642,991	13,052,561	1,409,570
<i>Pupil Transportation</i>	1,395,018	1,497,564	102,546
<i>Community Services</i>	37,170	38,085	915
<i>School Lunch Program</i>	548,981	598,102	49,121
<i>Interest on Debt</i>	718,619	625,457	(93,162)
Total Expenses	\$ 16,720,113	\$ 18,461,636	\$ 1,741,523
CHANGE IN NET POSITION	\$ 5,200,581	\$ 2,503,803	\$ (2,696,778)

Total revenues for the School District's Governmental Activities decreased by \$955,255, or 4.36% and total expenses increased by \$1,741,523, or 10.42%. The decrease in capital grants is related to state aid on SMART schools capital projects received in the prior year. The increase in state sources is based on an increase in lottery, BOCES, and building basic state aid. The decrease in other general revenues is primarily related to a reduction in refunds received from BOCES and the health insurance consortium.

The increase in total expenses is primarily due additional expenses incurred as a result of transitioning to online programs as a result of COVID-19 and related staffing changes. However, despite these increases, expenditures in the General Fund were underspent.

TIOGA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

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

Figure 3

Sources of Revenue for 2020

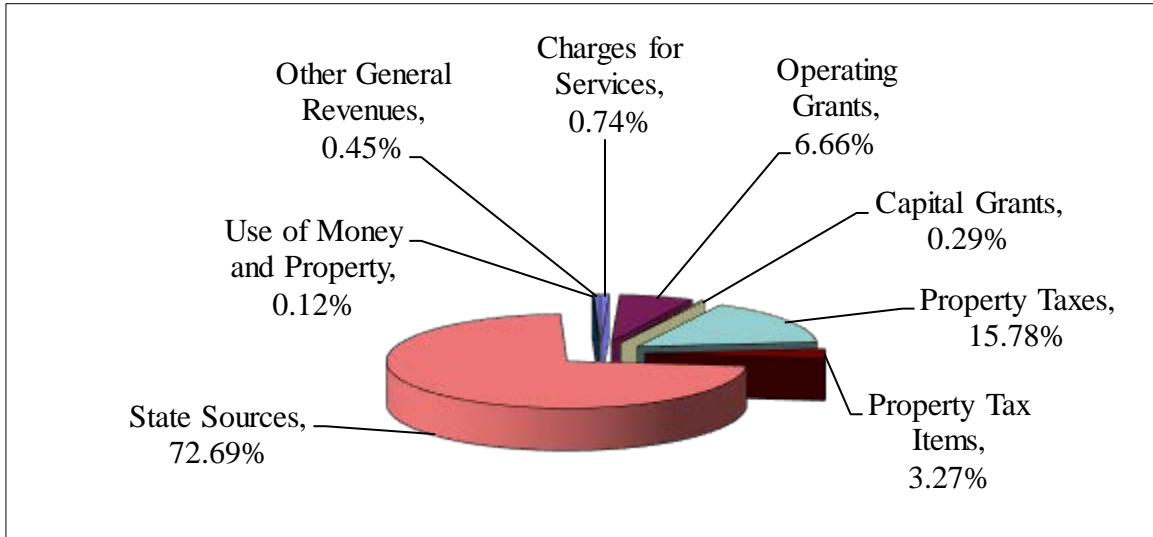
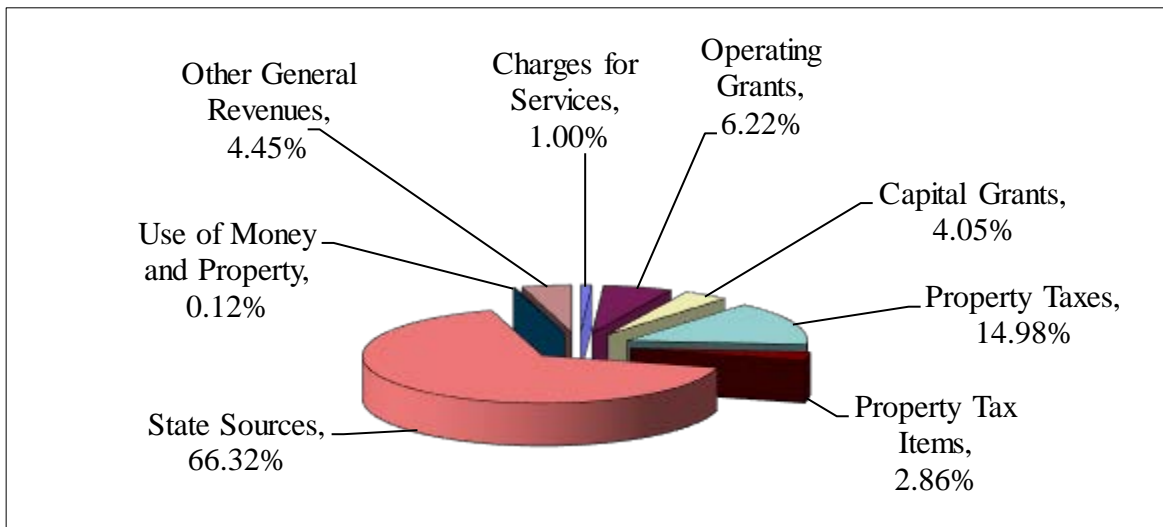


Figure 4

Sources of Revenue for 2019



TIOGA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

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

Figure 5

Cost of Programs for 2020

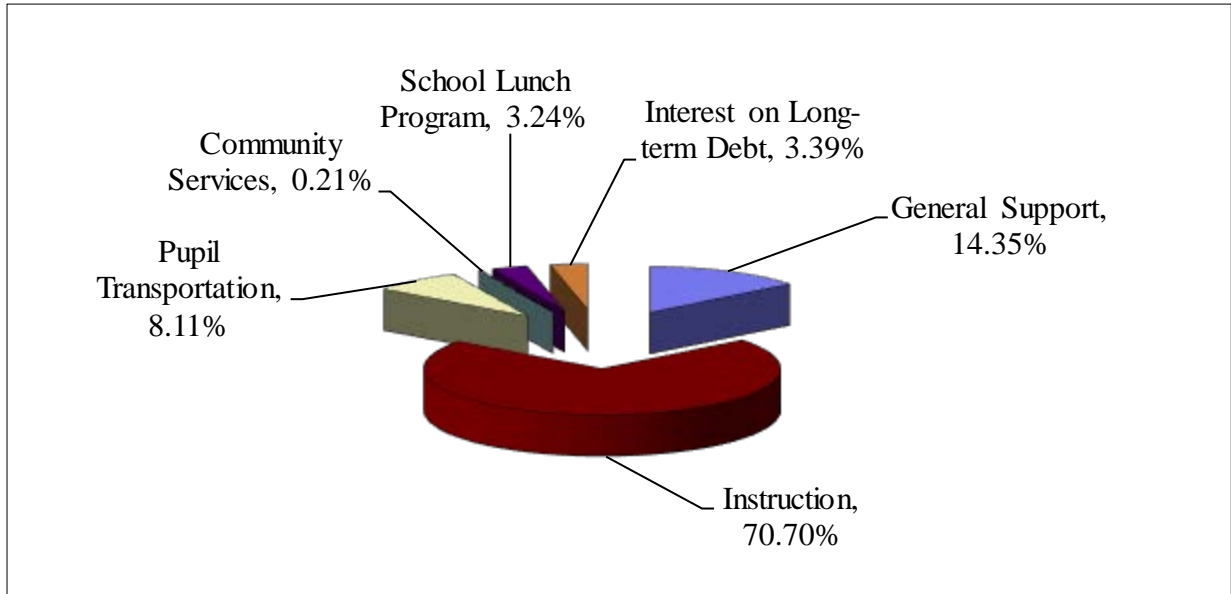
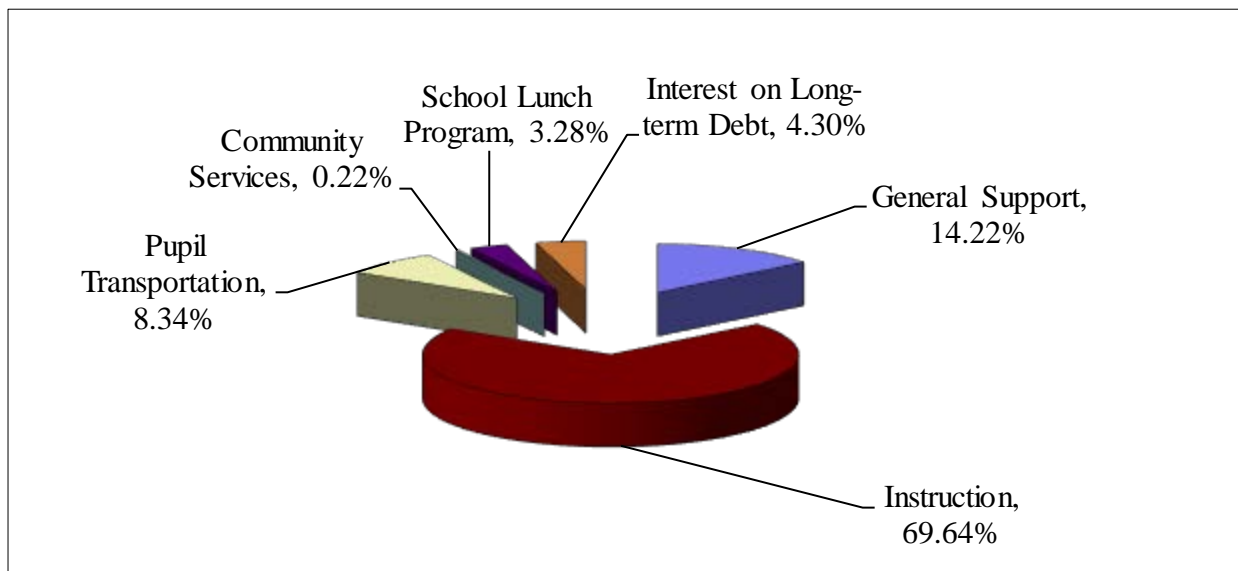


Figure 6

Cost of Programs for 2019



TIOGA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Figure 7 shows the change in fund balances for the year for the School District's funds. The General Fund reported an unassigned fund balance of \$2,518,036 which was subject to and above 4% of next year's budget, the maximum allowed by New York State. The General Fund increase is mainly the result of revenues exceeding expenditures. Capital Projects Renovation Fund decreased as a result of Bond and BAN proceeds used to finance capital outlay. This deficit is expected to be eliminated as BANs are converted to long-term financing. School Lunch Fund decreased because expenditures exceeded revenues in the Child Nutrition Program for the current year.

Figure 7

<i>Governmental Fund Balances</i>	<i>2019</i>	<i>2020</i>	<i>Total Dollar Change 2019 - 2020</i>
<i>Major Funds:</i>			
<i>General Fund</i>	\$ 5,596,633	\$ 6,427,499	\$ 830,866
<i>School Lunch Fund</i>	239,496	196,187	(43,309)
<i>Debt Service Fund</i>	758,317	641,298	(117,019)
<i>Capital Project Renovation Fund</i>	(5,591,378)	(259,941)	5,331,437
<i>Total Governmental Funds</i>	\$ 1,003,068	\$ 7,005,043	\$ 6,001,975

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Superintendent approves budgetary transfers that revise the School District budget line items and the Board reviews the transfers. Typically, these budget amendments consist of budget transfers between functions, which do not increase the overall budget. During the current year, the budget amended for prior year encumbrances.

The School District received \$14,636 more in General Fund revenues and other financing sources. Expenditures and other financing uses were lower than the revised budget (with carryover encumbrances) by \$1,951,218. This is primarily due to lower than expected costs related to general support, instructional programs, pupil transportation, and employee benefit expenditures due to COVID-19.

TIOGA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

Figure 8

<i>Condensed Budgetary Comparison General Fund - 2020</i>	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Favorable (Unfavorable) Variance</i>
REVENUES				
<i>Real Property Taxes</i>	\$ 3,307,352	\$ 3,307,352	\$ 3,307,352	\$ -
<i>Other Tax Items</i>	694,757	694,757	685,548	(9,209)
<i>State Sources</i>	15,472,083	15,472,083	15,327,754	(144,329)
<i>Other, Including Financing Sources</i>	109,300	109,300	277,474	168,174
Total Revenues and Other Financing Sources	\$ 19,583,492	\$ 19,583,492	\$ 19,598,128	\$ 14,636
Appropriated Fund Balances	\$ 1,176,335	\$ 1,176,335		
EXPENDITURES				
<i>General Support</i>	\$ 2,539,236	\$ 2,473,129	\$ 2,068,860	\$ 404,269
<i>Instruction</i>	8,672,299	8,840,521	8,298,112	542,409
<i>Pupil Transportation</i>	1,021,527	1,020,526	855,213	165,313
<i>Community Service</i>	15,158	25,608	20,964	4,644
<i>Employee Benefits</i>	4,913,902	4,802,338	4,749,191	53,147
<i>Debt Service</i>	341,392	339,313	319,888	19,425
<i>Other Financing Uses</i>	3,256,313	3,258,392	2,496,381	762,011
Total Expenditures and Other Financing (Uses)	\$ 20,759,827	\$ 20,759,827	\$ 18,808,609	\$ 1,951,218

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2020, the School District had invested in a broad range of capital assets. Net capital assets decreased \$949,931, primarily due to depreciation expense exceeding capital outlay. Depreciation expense amounted to \$1,293,591 for the current year.

Figure 9

<i>Changes in Capital Assets</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change 2019 - 2020</i>
	<i>2019</i>	<i>2020</i>	
<i>Land</i>	\$ 292,759	\$ 292,759	\$ -
<i>Construction in Progress</i>	6,199,475	117,029	(6,082,446)
<i>Buildings and Improvements, Net</i>	20,935,774	26,251,606	5,315,832
<i>Equipment, Net</i>	2,046,668	1,863,351	(183,317)
Total	\$ 29,474,676	\$ 28,524,745	\$ (949,931)

TIOGA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

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

Construction in Progress	\$ 118,846
Buses	260,025
Equipment	94,263
Total Additions	473,134
Loss on Disposal	(129,474)
Less Depreciation Expense	(1,293,591)
Net Increase in Capital Assets	\$ (949,931)

Debt Administration

Debt considered a liability of Governmental Activities, decreased by \$2,042,448 in 2020, as shown in *Figure 10*. The decrease is related to regular principal payments on long-term debt exceeding current year BAN proceeds and bond proceeds. Total indebtedness represented 50.0% of the constitutional debt limit, exclusive of building aid estimates.

Figure 10

<i>Outstanding Debt</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2019</i>	<i>2020</i>	<i>2019 - 2020</i>
<i>Bond Anticipation Notes</i>	\$ 7,150,000	\$ 1,700,000	\$ (5,450,000)
<i>Serial Bonds</i>	11,025,000	13,645,000	2,620,000
<i>Statutory Installment Bonds</i>	629,498	594,014	(35,484)
<i>Premium on Obligations</i>	1,042,480	1,865,516	823,036
<i>Total</i>	\$ 19,846,978	\$ 17,804,530	\$ (2,042,448)

Moody's Rating Committee assigned an A1 rating on the Tioga Central School District New York State Section 99-B Intercept School District Credit Enhancement Program General Obligation Bonds. In addition, an A2 underlying rating was assigned on Tioga Central School District General Obligation Bonds. This has been a solid rating for the past several years. More detailed information about the School District's long-term liabilities is presented in the notes to the financial statements.

TIOGA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- The School District does not currently have, nor anticipate, financial obligations due to litigation.
- The School District could be impacted by the growth or closure of Tioga Downs. Recent expansion of the Tioga Downs facility could, potentially, lead to families moving to the area to pursue industry-related employment opportunities. Available housing in the School District will limit this impact. A recent enrollment study completed for the School District indicates enrollment will trend down for the next decade. This is due to housing not being available for young families.
- There is also the possibility that COVID-19 restrictions on the activity at Tioga Downs could lead to a sudden shutdown or closure of the entire complex. This would cause a dramatic decrease in our local revenue share that would be difficult to replace with a tax levy increase in this environment.
- The COVID-19 pandemic has caused a significant stress on the district and the community. State revenues have been reduced and further reductions remain possible for the 2020-21 school year. This reduction comes at a time when the district is burdened with unplanned additional costs associated with preparing the school and planning for operations under new safety guidelines. While the district has been frugal and managed to keep healthy fund balances and reserves, these solutions are only viable for a limited time. The district may have to make more extensive structural changes if state and local revenues continue at or below their current levels.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Tioga Central School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Tioga Central School District, Fifth Avenue, Tioga Center, New York 13845.

TIOGA CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2020

ASSETS

Current Assets

Cash and Cash Equivalents - Unrestricted	\$ 3,385,742
Cash and Cash Equivalents - Restricted	499,212
Due from State and Federal Governments	1,492,326
Due from Other Governments	311,790
Due From Fiduciary Funds	5
Other Receivables, Net	4,860
Inventories	32,365
Prepaid Expenses	439,906
Total Current Assets	6,166,206

Noncurrent Assets

Restricted Cash	3,460,391
Net Pension Asset - Proportionate Share	893,850
Capital Assets, Net:	
Nondepreciable	409,788
Depreciable Capital Assets, Net	28,114,957
Total Noncurrent Assets	32,878,986

Total Assets

39,045,192

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows of Resources - Pensions	3,733,379
Deferred Outflows of Resources - OPEB	1,866,415
Deferred Charges on Defeased Debt	691,801
Total Deferred Outflows of Resources	6,291,595

LIABILITIES

Current Liabilities

Accounts Payable	56,333
Accrued Liabilities	2,209
Due to Other Governments	41
Bond Interest and Matured Bonds	144,915
Bond Anticipation Notes Payable	1,700,000
Due to Teachers' Retirement System	575,436
Due to Employees' Retirement System	56,502
Unearned Revenues - Other	17,231
Current Portion of Long-Term Obligations:	
Compensated Absences	210,267
Bonds Payable	1,386,042
Total Current Liabilities	4,148,976

STATEMENT OF NET POSITION (Continued)
JUNE 30, 2020

Noncurrent Liabilities

Bonds Payable	\$ 14,718,488
Compensated Absences Payable	<u>214,834</u>
Other Postemployment Benefits Liability	<u>48,173,792</u>
Net Pension Liability - Proportionate Share	<u>1,354,446</u>
Total Noncurrent Liabilities	<u><u>64,461,560</u></u>

Total Liabilities

68,610,536

DEFERRED INFLOWS OF RESOURCES

Pensions	1,320,579
Deferred Inflows of Resources - OPEB	<u>11,781,807</u>

Total Deferred Inflows of Resources

13,102,386

NET POSITION

Net Investment in Capital Assets	11,785,425
Restricted	<u>3,620,678</u>
Unrestricted Net (Deficit)	<u>(51,782,238)</u>
Total Net (Deficit)	<u><u>\$ (36,376,135)</u></u>

See Notes to Basic Financial Statements

TIOGA CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense)	
	Expenses	Charges for Services	Operating Grants	Capital Grants	Revenue and Changes in Net Position
General Support	\$ 2,649,867	\$	\$	\$	\$ (2,649,867)
Instruction	13,052,561	69,861	904,316	61,336	(12,017,048)
Pupil Transportation	1,497,564				(1,497,564)
Community Services	38,085	9,000			(29,085)
School Lunch Program	598,102	76,815	491,652		(29,635)
Interest on Debt	625,457				(625,457)
Total Functions and Programs	\$ 18,461,636	\$ 155,676	\$ 1,395,968	\$ 61,336	(16,848,656)
GENERAL REVENUES					
					3,307,352
Real Property Taxes					685,548
Real Property Tax Items					25,212
Use of Money and Property					15,239,827
Unrestricted State Sources					(111,974)
Sale of Property and Compensation for Loss					206,494
Miscellaneous					
Total General Revenues					19,352,459
Change in Net Position					2,503,803
Total Net (Deficit) - Beginning of Year					(38,879,938)
Total Net (Deficit) - End of Year					\$ (36,376,135)

See Notes to Basic Financial Statements

TIOGA CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2020

	Major Funds		
	General Fund	Special Revenue Funds	
		Special Aid Fund	School Lunch Fund
ASSETS			
Cash and Cash Equivalents - Unrestricted	\$ 3,255,059	\$ 20,164	\$ 473
Cash and Cash Equivalents - Restricted	2,819,093		125,803
Due from Other Funds	367,139	6,079	3,099
Due from State and Federal Governments	142,279	358,806	34,920
Due from Other Governments	311,790		
Due from Fiduciary Funds	5		
Other Receivables, Net	4,860		
Inventories			32,365
Prepaid Expenses	439,906		
Total Assets	\$ 7,340,131	\$ 385,049	\$ 196,660
LIABILITIES			
Accounts Payable	\$ 54,754	\$ 1,463	\$ 116
Accrued Liabilities	1,893		316
Due to Other Funds	9,461	367,139	
Due to Other Governments			41
Bond Interest and Matured Bonds Payable	3,535		
Bond Anticipation Notes Payable			
Due to Teachers' Retirement System	575,436		
Due to Employees' Retirement System	56,502		
Compensated Absences Payable	210,267		
Unearned Revenues	784	16,447	
Total Liabilities	912,632	385,049	473
FUND BALANCES			
Nonspendable	439,906		32,365
Restricted	2,815,558		163,822
Assigned	653,999		
Unassigned	2,518,036		
Total Fund Balances (Deficit)	6,427,499	-	196,187
Total Liabilities and Fund Balances	\$ 7,340,131	\$ 385,049	\$ 196,660

See Notes to Basic Financial Statements

Major Funds

Debt Service Fund	Capital Project Renovation Fund	Capital Project Bus Fund	Total Governmental Funds
\$	\$ 110,046	\$	\$ 3,385,742
641,276	373,431		3,959,603
22	283		376,622
	956,321		1,492,326
			311,790
			5
			4,860
			32,365
			439,906
\$ 641,298	\$ 1,440,081	\$ -	\$ 10,003,219
\$	\$	\$	\$ 56,333
			2,209
	22		376,622
			41
			3,535
	1,700,000		1,700,000
			575,436
			56,502
			210,267
			17,231
-	1,700,022	-	2,998,176
			472,271
641,298			3,620,678
			653,999
	(259,941)		2,258,095
641,298	(259,941)	-	7,005,043
\$ 641,298	\$ 1,440,081	\$ -	\$ 10,003,219

TIOGA CENTRAL SCHOOL DISTRICT

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

Fund Balances (Deficit) - Total Governmental Funds **\$ 7,005,043**

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

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

Total Historical Cost	\$ 49,732,543	
Less Accumulated Depreciation	<u>(21,207,798)</u>	28,524,745

Long-term liabilities, including bonds payable, bond premium, and deferred charges on defeased debt, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	\$(14,239,014)	
Bond Premium	<u>(1,865,516)</u>	(16,104,530)

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

TRS Net Pension Asset - Proportionate Share	\$ 893,850	
ERS Net Pension Liability - Proportionate Share	<u>(1,354,446)</u>	(460,596)

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

Deferred Charges on Defeased Debt	\$ 691,801	
Deferred Outflows - OPEB	1,866,415	
Deferred Inflows - OPEB	(11,781,807)	
TRS Deferred Inflows - Pension	(1,285,647)	
ERS Deferred Inflows - Pension	(34,932)	
TRS Deferred Outflows - Pension	2,827,589	
ERS Deferred Outflows - Pension	<u>905,790</u>	(6,810,791)

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

Accrued Interest on Long-term Debt	\$ (141,380)	
Compensated Absences	(214,834)	
Other Postemployment Benefits Liability	<u>(48,173,792)</u>	<u>(48,530,006)</u>

Net (Deficit) of Governmental Activities **\$ (36,376,135)**

See Notes to Basic Financial Statements

TIOGA CENTRAL SCHOOL DISTRICT

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

	Major Funds		
	General Fund	Special Revenue Funds	
		Special Aid Fund	School Lunch Fund
REVENUES			
Real Property Taxes	\$ 3,307,352	\$	\$
Real Property Tax Items	685,548		
Charges for Services	32,971		
Use of Money and Property	25,162		50
Sale of Property and Compensation for Loss	7,998		
Other Revenue	165,453	16,628	1,483
State Sources	15,327,754	180,167	15,136
Medicaid Reimbursement	45,890		
Federal Sources		619,594	475,033
Sales - School Lunch			76,815
Total Revenues	19,598,128	816,389	568,517
EXPENDITURES			
General Support	2,048,552		
Instruction	8,288,036	744,257	253,124
Pupil Transportation	844,250		
Community Services	20,964	5,000	
Employee Benefits	4,749,191	73,211	89,908
Debt Service:			
Principal	295,509		
Interest	24,379		
Cost of Sales			271,813
Capital Outlay			
Total Expenditures	16,270,881	822,468	614,845
Excess (Deficiency) of Revenues Over Expenditures	3,327,247	(6,079)	(46,328)
OTHER FINANCING SOURCES AND (USES)			
Redeemed from Appropriations			
Premium on Obligations			
Proceeds of Obligations			
Operating Transfers In		6,079	3,019
Operating Transfers (Out)	(2,496,381)		
Total Other Financing Sources and (Uses)	(2,496,381)	6,079	3,019
Net Change in Fund Balances	830,866	-	(43,309)
Fund Balances (Deficit) - Beginning of Year	5,596,633	-	239,496
Fund Balances (Deficit) - End of Year	\$ 6,427,499	\$ -	\$ 196,187

See Notes to Basic Financial Statements

Major Funds

Debt Service Fund	Capital Projects Fund - Renovations	Capital Projects Fund - Buses	Total Governmental Funds
\$	\$	\$	\$ 3,307,352
			685,548
			32,971
			25,212
8,502			16,500
			183,564
	61,336		15,584,393
			45,890
			1,094,627
			76,815
8,502	61,336	-	21,052,872
118,998			2,167,550
			9,285,417
			844,250
			25,964
			4,912,310
1,990,000			2,285,509
663,562			687,941
			271,813
	180,182	260,025	440,207
2,772,560	180,182	260,025	20,920,961
(2,764,058)	(118,846)	(260,025)	131,911
		260,025	260,025
1,000,039			1,000,039
	4,610,000		4,610,000
2,487,000	840,283		3,336,381
(840,000)			(3,336,381)
2,647,039	5,450,283	260,025	5,870,064
(117,019)	5,331,437	-	6,001,975
758,317	(5,591,378)	-	1,003,068
\$ 641,298	\$ (259,941)	\$ -	\$ 7,005,043

TIOGA CENTRAL SCHOOL DISTRICT

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

Net Change in Fund Balances - Total Governmental Funds **\$ 6,001,975**

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

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital additions and net book value of disposed assets.

Capital Additions	\$ 473,134	
Net Book Value of Disposed Assets	(129,474)	
Depreciation Expense	<u>(1,293,591)</u>	(949,931)

Long-term debt proceeds, and related issue costs and deferred amounts on refunding, provide current financial resources to Governmental Funds, but issuing debt and the related premiums increase long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Serial Bond Proceeds	\$ (4,610,000)	
Statutory Installment Bond Proceeds	(260,025)	
Repayment of Bond Principal	1,990,000	
Repayment of Statutory Installment Bond Debt	<u>295,509</u>	(2,584,516)

Long-term liabilities, such as those associated with employee benefits, are reported in the Statement of Net Position. Therefore, expenses which result in an (increase) or decrease in these long-term liabilities are not reflected in the Governmental Fund financial statements. In addition, changes in the School District's deferred outflows and deferred inflows of resources related to other postemployment benefits do not affect current financial resources and are, also, not reported in the Governmental Funds.

Other Postemployment Benefits Liability	\$ 1,700,174	
Compensated Absences	<u>56,519</u>	1,756,693

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds. These include the change in accrued interest, amortization of bond premiums, and deferred amounts from refunding bonds.

Deferred Amounts from Refunding Bonds	\$ (100,574)	
Amortization of Premiums on Obligations and New Premiums	(823,036)	
Change in Accrued Interest	<u>27,096</u>	(896,514)

Changes in the School District's proportionate share of net pension assets and liabilities have no effect on current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds. In addition, changes in the School District's deferred outflows of resources and deferred inflows of resources related to pensions do not effect current financial resources and are also not reported in the Governmental Funds.

TRS	\$ (572,277)	
ERS	<u>(251,627)</u>	<u>(823,904)</u>

Net Change in Net Position of Governmental Activities **\$ 2,503,803**

See Notes to Basic Financial Statements

TIOGA CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS JUNE 30, 2020

	Private Purpose Trust Fund	Agency Fund
	<u> </u>	<u> </u>
ASSETS		
Cash - Unrestricted	\$	\$ 90,656
Cash - Restricted	<u>123,390</u>	<u> </u>
Investments - Restricted	<u>115,120</u>	<u> </u>
Total Assets	<u>238,510</u>	<u><u>\$ 90,656</u></u>
LIABILITIES		
Extraclassroom Activity Funds Balance	<u> </u>	\$ 80,633
Due to Governmental Funds	<u> </u>	<u>5</u>
Other Liabilities	<u> </u>	<u>10,018</u>
Total Liabilities	<u>-</u>	<u><u>\$ 90,656</u></u>
NET POSITION		
Restricted for Scholarships	<u><u>\$ 238,510</u></u>	

See Notes to Basic Financial Statements

TIOGA CENTRAL SCHOOL DISTRICT

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

	Private Purpose Trust Fund
ADDITIONS	
Gifts and Contributions	\$ 37,312
Investment Earnings	3,519
Total Additions	<u>40,831</u>
DEDUCTIONS	
Scholarships and Awards	<u>33,356</u>
Change in Net Position	7,475
Net Position - Beginning of Year	<u>231,035</u>
Net Position - End of Year	<u><u>\$ 238,510</u></u>

See Notes to Basic Financial Statements

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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

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

Reporting Entity

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

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

The financial reporting entity consists of the following, as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended.

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

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

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

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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

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

Joint Venture

The Tioga Central School District is one of 15 component School Districts in the Broome-Tioga Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of School Districts in a geographic area that share planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

Separate financial statement of Broome-Tioga BOCES may be obtained by contacting the Business Office, Broome Tioga BOCES, 435 Upper Glenwood Road, Binghamton, NY 13905-1699.

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

Basis of Presentation - District-wide Financial Statements

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

The Statement of Net Position presents the financial position of the School District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's Governmental Activities. Direct expenses are those specifically associated with and 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 restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

Basis of Presentation - Governmental Fund Financial Statements

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

The School District reports the following Major Governmental Funds:

- **General Fund:** The School District's primary operating fund. It accounts for all financial transactions not required to be accounted for in another fund.
- **Special Revenue Funds:** Account for proceeds of specific revenue sources (other than capital projects) 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 restricted for special educational programs.
 - **School Lunch Fund:** Used to account for child nutrition activities whose funds are restricted as to use.

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

Basis of Presentation - Governmental Fund Financial Statements - Continued

- Debt Service Fund: Accounts for accumulation of resources and payment of principal and interest of long-term general obligation debt of governmental activities.
- Capital Projects Renovation Fund: Accounts for financial resources used for renovation of Tioga Central School District buildings.
- Capital Projects Bus Fund: Accounts for the purchase of buses for the School District.

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

The School District reports the following Fiduciary Funds:

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

Measurement Focus and Basis of Accounting

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

The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the Governmental Funds to be available if the revenues are collected within six months after the end of the fiscal year.

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

Measurement Focus and Basis of Accounting - Continued

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.

Cash and Investments

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

Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided, as it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

Inventories and Prepaid Items

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

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

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

Due To/From Other Funds

Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these notes.

Capital Assets

Capital assets with a historical cost greater than \$1,000 and a useful life of at least one year are reported at actual cost for acquisitions subsequent to July 1, 2002. For assets acquired prior to July 1, 2002, historical costs have been estimated based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	Estimated Useful Life
Buildings	20 - 40 Years
Building Improvements	20 Years
Furniture and Equipment	1 - 20 Years

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District reports a deferred charge on defeased debt resulting from the difference in the carrying value of refunded debt and its reacquisition price, which is amortized over the shorter of the life of the refunded or refunding debt. The School District also reports deferred outflows of resources related to pensions and OPEB plans in the District-wide Statement of Net Position. The types of deferred outflows of resources related to pensions and OPEB plans are described in Notes 10 and 11, respectively.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The School District reports deferred inflows of resources related to pensions and OPEB plans which are further described in Notes 10 and 11, respectively.

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

Vested Employee Benefits - Compensated Absences

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

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

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

Consistent with GASB Statement No. 16, "Accounting for Compensated Absences," the liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

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

Other Postemployment Benefits

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

In addition to providing pension benefits, the School District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the School District and the retired employee. The School District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund, in the year paid.

The School District follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The School District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 11 for additional information.

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

Unearned and Unavailable Revenues

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

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

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

Overpayments and Collections in Advance

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

Restricted Resources

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

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 judgements, other postemployment benefits payable, and compensated absences that will be paid from governmental funds, are reported as a liability in the fund's financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the School District's future obligations or future economic outflows. Liabilities are reported as current (due in one year) or noncurrent (due later than one year) in the Statement of Net Position.

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

Equity Classifications - District-wide Financial Statements

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

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

Equity Classifications - Governmental Fund Financial Statements

The School District follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," which changed the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

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

- Nonspendable - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.
- Restricted - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the School District's legally adopted reserves are reported here.
- Committed - Consists of amounts subject to a purpose constraint imposed by formal action of the School District's highest level of decision-making authority prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

Equity Classifications - Governmental Fund Financial Statements - Continued

- Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the School District's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- Unassigned - Represents the residual classification of the School District's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

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

The Board of Education of the School District may adopt resolutions to commit or assign fund balance. By resolution, fund balance of the School District may be committed for a specific source by formal action of the Board of Education. Furthermore, the Board of Education delegates authority to assign fund balance for a specific purpose to the Business Official of the School District. The Board of Education, by resolution, approves fund balance appropriations for next year's budget. The School District applies expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

Legally Adopted Reserves

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

- Capital Reserve (Education Law §3651) - Used to pay the cost of any object or purpose for which bonds may be issued. The creation of a Capital Reserve Fund requires authorization by a majority of 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.
- Insurance Reserve (GML §6-n): Used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve, however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the General Fund.
- Mandatory Debt Service Reserve (GML §6-l) - Used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of School District property or capital improvement financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. This reserve is accounted for in the Debt Service Fund.
- Employee Benefit Accrued Liability Reserve (GML §6-p) - Used to reserve funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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

Legally Adopted Reserves - Continued

- Retirement Contribution Reserve (GML §6-r) - Used for the purpose of financing retirement contributions. 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.

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 and became a lien on August 1, 2019. Taxes were collected during the period September 15, 2019 to November 16, 2019.

Uncollected real property taxes are subsequently enforced by Tioga County (the County). An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the School District no later than the following April 1.

Interfund Transfers

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

Use of Estimates

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

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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

Future Changes in Accounting Standards

- GASB has issued Statement No. 84, “Fiduciary Activities,” effective for the year ending June 30, 2021. This statement improves guidance regarding identification of fiduciary activities for accounting and reporting purposes.
- GASB has issued Statement No. 87, “Leases,” effective for the year ending June 30, 2022.
- GASB has issued Statement No. 89, “Accounting for Interest Cost Incurred Before the End of a Construction Period,” effective for the year ending June 30, 2022.
- GASB has issued Statement No. 90, “Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61,” effective for the year ending June 30, 2021.
- GASB has issued Statement No. 91, “Conduit Debt Obligations” effective for the year ending June 30, 2023.
- GASB has issued Statement No. 92, “Omnibus 2020” effective for the year ending June 30, 2022.

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

***Note 2* Participation in BOCES**

During the year ended June 30, 2020, the School District's share of BOCES income amounted to \$670,132. The School District was billed \$2,355,396, for BOCES administration and program costs. Financial statements for the Broome-Tioga BOCES are available from the BOCES administrative office at 435 Upper Glenwood Road, Binghamton, New York 13905.

***Note 3* Cash and Cash Equivalents and Investments**

Custodial credit risk is the risk that in the event of a bank failure, the School District’s deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District’s investment policies, as discussed previously in these notes. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the School District’s name.

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 3 Cash and Cash Equivalents and Investments - Continued

The School District's aggregate bank balances of \$8,498,189, including certificates of deposit, were either insured or collateralized with securities held by the pledging financial institution in the School District's name as required.

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

Restricted for Debt Service	\$	641,298
Restricted for Capital Unspent Debt		373,409
Restricted for School Lunch		125,803
Restricted for General Fund Reserves		2,815,558
Restricted for Debt Service - Sinking Fund		3,535
Subtotal		3,959,603
Restricted for Private Purpose Trust Fund		238,510
Total	\$	4,198,113

The School District has investments in donated Scholarship Funds in the form of Certificates of Deposit. The School District chooses to disclose its investments by specifically identifying each. The School District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value, are reported as restricted investments, and are categorized as either:

- 1) Insured or registered, or investments held by the School District or by the School District's agent in the School District's name, or
- 2) Uninsured and unregistered, with investments held by the financial institution's trust department in the School District's name, or
- 3) Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the School District's name.

Investments	Cost	Carrying Amount Fair Value	Type of Investment	Category
Private Purpose Trust Fund	\$ 115,120	\$ 115,120	Certificate of Deposit	(1)
Total	\$ 115,120	\$ 115,120		

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 3 Cash and Cash Equivalents and Investments - Continued

The School District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk.

The School District does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

Note 4 Other Receivables

Other receivables consisted of the following, which are stated at net realizable value.

	Description	Amount
General Fund	Charges for Services and Refunds	\$ 4,860
Total		\$ 4,860

Note 5 Interfund Balances and Activity

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

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	\$ 367,139	\$ 9,461	\$	\$ 2,496,381
Special Aid Fund	6,079	367,139	6,079	
School Lunch Fund	3,099		3,019	
Debt Service Fund	22		2,487,000	840,000
Capital Project Renovation Fund	283	22	840,283	
Total	\$ 376,622	\$ 376,622	\$ 3,336,381	\$ 3,336,381

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

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

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

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 6 Capital Assets

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

Governmental Activities	Beginning Balance	Additions	Reclassifications, Disposals, and Change in Estimate	Ending Balance
Capital Assets That Are Not Depreciated:				
Land	\$ 292,759	\$	\$	\$ 292,759
Construction in Progress	6,199,475	118,846	(6,201,292)	117,029
Total Nondepreciable Historical Cost	<u>6,492,234</u>	<u>118,846</u>	<u>(6,201,292)</u>	<u>409,788</u>
Capital Assets That Are Depreciated:				
Buildings and Improvements	38,098,271		6,262,315	44,360,586
Furniture and Equipment	6,053,849	354,288	(1,445,968)	4,962,169
Total Depreciable Historical Cost	<u>44,152,120</u>	<u>354,288</u>	<u>4,816,347</u>	<u>49,322,755</u>
Total Historical Cost	<u>50,644,354</u>	<u>473,134</u>	<u>(1,384,945)</u>	<u>49,732,543</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(17,162,497)	(927,792)	(18,691)	(18,108,980)
Furniture and Equipment	(4,007,181)	(365,799)	1,274,162	(3,098,818)
Total Accumulated Depreciation	<u>(21,169,678)</u>	<u>(1,293,591)</u>	<u>1,255,471</u>	<u>(21,207,798)</u>
Total Historical Cost, Net	<u>\$ 29,474,676</u>	<u>\$ (820,457)</u>	<u>\$ (129,474)</u>	<u>\$ 28,524,745</u>

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 53,449
Instruction	762,495
Pupil Transportation	471,400
School Lunch Program	6,247
Total	<u>\$ 1,293,591</u>

Note 7 Short-term Debt

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

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 7 Short-term Debt - Continued

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

The School District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued. The School District did not issue or redeem any deficiency notes during the year.

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

	Beginning Balance	Issued	Redeemed	Ending Balance
BAN Maturing 8/16/2019 at 1.89%	\$ 3,150,000	\$	\$ (3,150,000)	\$ -
BAN Maturing 8/16/2019 at 2.75%	4,000,000		(4,000,000)	-
BAN Maturing 8/14/2020 at 2.00%		7,150,000	(5,450,000)	1,700,000
Total Short-term Debt	\$ 7,150,000	\$ 7,150,000	\$ (12,600,000)	\$ 1,700,000

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

Interest Paid	\$ 169,535
Less Interest Accrued in the Prior Year	(148,343)
Plus Interest Accrued in the Current Year	125,125
Total	\$ 146,317

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 8 Long-term Debt

At June 30, 2020, the total outstanding indebtedness of the School District represented 50.0% of its statutory debt limit, exclusive of building aids. Long-term debt is classified as follows:

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

The following is a summary of the School District's bonds payable for the year ended June 30, 2020:

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2020</u>
Serial Bonds				
Building	05/27/2016	06/15/2039	5.00%-5.125%	\$ 820,000
Building	05/27/2016	06/15/2034	5.00%	4,610,000
Building	06/14/2013	06/15/2024	0.50%-2.75%	255,000
Building	06/10/2015	06/15/2039	3.00%-5.00%	800,000
Refunding	05/27/2016	06/15/2030	2.00%-5.00%	7,160,000
Total Serial Bonds				13,645,000
Statutory Installment Bonds				
Bus #168	09/19/2016	06/15/2021	2.35%	24,217
Bus #169	09/19/2016	06/15/2021	2.35%	24,216
Bus #170	09/19/2016	06/15/2021	2.35%	52,325
Bus #171	09/19/2016	06/15/2021	2.35%	52,325
Bus #172	08/13/2018	06/15/2023	3.30%	77,637
Bus #173	08/13/2018	06/15/2023	3.30%	77,637
Bus #174	08/13/2018	06/15/2023	3.30%	77,637
Bus #175	10/24/2019	06/15/2024	2.55%	104,010
Bus #176	10/24/2019	06/15/2024	2.55%	104,010
Total Statutory Installment Bonds				594,014
Total				\$ 14,239,014

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 8 Long-term Debt - Continued

Interest expense on long-term debt during the year was:

Interest Paid	\$ 518,406
Less Interest Accrued in the Prior Year	(23,668)
Plus Interest Accrued in the Current Year	19,790
Plus Amortization of Deferred Charges on Defeased Debt	100,574
Less Amortization of Bond Premium	<u>(135,962)</u>
 Total	 <u><u>\$ 479,140</u></u>

Interest rates on the serial bonds vary from year to year, in accordance with the interest rates specified in the bond agreements.

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Serial Bonds	\$ 11,025,000	\$ 4,610,000	\$ (1,990,000)	\$ 13,645,000	\$ 960,000
Statutory Installment Bonds	629,498	260,025	(295,509)	594,014	230,401
Subtotal	11,654,498	4,870,025	(2,285,509)	14,239,014	1,190,401
Premium on Obligations	1,042,480	958,998	(135,962)	1,865,516	195,641
Total	<u><u>\$ 12,696,978</u></u>	<u><u>\$ 5,829,023</u></u>	<u><u>\$ (2,421,471)</u></u>	<u><u>\$ 16,104,530</u></u>	<u><u>\$ 1,386,042</u></u>

Deferred charges on defeased debt related to the 2016 bond refunding are amortized over the life of the bonds. Bond activity for the year is summarized below:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Deferred Charges on Defeased Debt	\$ 792,375	\$ -	\$ (100,574)	\$ 691,801	\$ 92,816
Total	<u><u>\$ 792,375</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (100,574)</u></u>	<u><u>\$ 691,801</u></u>	<u><u>\$ 92,816</u></u>

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 8 Long-term Debt - Continued

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,190,401	\$ 720,567	\$ 1,910,968
2022	1,441,967	600,884	2,042,851
2023	1,454,641	534,362	1,989,003
2024	1,437,005	470,704	1,907,709
2025	595,000	402,036	997,036
2026-2030	3,385,000	1,541,886	4,926,886
2031-2035	3,280,000	669,330	3,949,330
2036-2039	1,455,000	126,938	1,581,938
Total	<u><u>\$ 14,239,014</u></u>	<u><u>\$ 5,066,707</u></u>	<u><u>\$ 19,305,721</u></u>

On May 27, 2016 \$7,940,000 in general obligation bonds with variable interest rates ranging from 2.0% to 5.0% were issued to advance refund \$7,925,000 of outstanding bonds, with interest rates ranging from 3.0% to 5.125%. The net proceeds of \$9,054,326 (after payment of fiscal agent fees, original bond premium, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. The outstanding principal on the defeased bonds was \$820,000 at June 30, 2020.

Note 9 Compensated Absences

Compensated absences: Represent the value of the earned and unused portion of the liability for compensated absences. This liability is liquidated from the General and School Lunch Funds.

2019-2020 activity consists of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Compensated Absences	\$ 507,313	\$	\$ (82,212)	\$ 425,101	\$ 210,267
Total	<u><u>\$ 507,313</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (82,212)</u></u>	<u><u>\$ 425,101</u></u>	<u><u>\$ 210,267</u></u>

Change to long-term compensated absences are reported net, as it is impractical to individually determine the amount of additions and deletions during the fiscal year.

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 10 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems)**

Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS) (System)

The School District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law (RSSL) 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 state statute. Additional information regarding the System may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

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

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

***Note 10* Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Plan Descriptions and Benefits Provided - Continued

Employees' Retirement System (ERS) (System)

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

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

Summary of Significant Accounting Policies

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

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Contributions

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

	<u>ERS</u>	<u>TRS</u>
2020	\$ 221,829	\$ 628,824
2019	224,217	539,877
2018	223,617	609,729

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

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

	<u>ERS</u>	<u>TRS</u>
Actuarial Valuation Date	4/1/2019	6/30/2018
Net Pension Asset/Liability	\$ 26,480,579,097	\$ (2,598,006,772)
School District's Proportionate Share of the Plan's Total Net Pension Asset/Liability	1,354,446	(893,850)
School District's Share of the Net Pension Asset/Liability	0.005115%	0.034405%

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

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

For the year ended June 30, 2020, the School District recognized pension expense of \$473,457 for ERS and \$1,086,869 for TRS in the District-wide financial statements. At June 30, 2020, the School District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	\$ 79,715	\$ 605,739	\$	\$ 66,468
Changes of Assumptions	27,272	1,688,602	23,549	411,729
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	694,355			716,821
Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions	46,684	402	11,383	90,629
School District's Contributions Subsequent to the Measurement Date	57,764	532,846		
Total	<u>\$ 905,790</u>	<u>\$ 2,827,589</u>	<u>\$ 34,932</u>	<u>\$ 1,285,647</u>

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

Year Ended	ERS	TRS
2021	\$ 143,040	\$ 385,861
2022	205,565	7,130
2023	257,792	384,395
2024	206,697	250,241
2025		16,717
Thereafter		(35,248)

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

***Note 10* Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - 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 asset/liability to the measurement date.

Significant actuarial assumptions used in the valuations were as follows:

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

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

For ERS, the actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

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

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

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

Discount Rate

The discount rate used to calculate the total pension asset/liability was 6.8% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and contributions from employers will be made at statutorily required rates, actuarially determined. Based on the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/liability.

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Discount Rate - Continued

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

ERS	1% Decrease (5.80%)	Current Assumption (6.80%)	1% Increase (7.80%)
School District's Proportionate Share of the Net Pension Asset/Liability	\$ 2,485,791	\$ 1,354,446	\$ 312,473

TRS	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
School District's Proportionate Share of the Net Pension Asset/Liability	\$ 4,034,744	\$ (893,850)	\$ (5,028,384)

Pension Plan Fiduciary Net Position

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

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

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$56,502.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October, and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$575,436.

Effect on Net Position

Changes in the net pension asset/liability and deferred outflows and inflows of resources for the year ended June 30, 2020 resulted in the following effect on net position:

	Beginning Balance	Change	Ending Balance
ERS			
Net Pension Liability	\$ 360,703	\$ 993,743	\$ 1,354,446
Deferred Outflows of Resources	(264,154)	(641,636)	(905,790)
Deferred Inflows of Resources	135,412	(100,480)	34,932
Subtotal	231,961	251,627	483,588
TRS			
Net Pension Asset	(614,340)	(279,510)	(893,850)
Deferred Outflows of Resources	(3,235,949)	408,360	(2,827,589)
Deferred Inflows of Resources	842,220	443,427	1,285,647
Subtotal	(3,008,069)	572,277	(2,435,792)
Total	\$ (2,776,108)	\$ 823,904	\$ (1,952,204)

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

***Note 11* Postemployment Benefits Other Than Pensions (OPEB)**

General Information about the OPEB Plan

Plan Description - The School District's defined OPEB plan provides medical benefits to eligible retirees and their spouses in accordance with various employment contracts. The plan is a single-employer defined benefit healthcare plan administered by the School District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the School District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements, because there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Benefits Provided - The School District provides medical and prescription drug benefits for eligible retirees, spouses, and their covered dependents while contributing a portion of the expenses. Benefit terms are dependent of which contract each employee falls under. The specifics of each contract are on file at the School District offices and are available upon request.

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

Retirees and Survivors	122
Terminated Vested Employees	-
Active Employees	<u>148</u>
Total	<u><u>270</u></u>

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

***Note 11* Postemployment Benefits Other Than Pensions (OPEB) - Continued**

Total OPEB Liability

The School District's total OPEB liability of \$48,173,792 was measured as of July 1, 2019, and was determined by an actuarial valuation as of July 1, 2018.

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

Long-Term Bond Rate	3.50%
Single Discount Rate	3.50%
Salary Scale	3.50%
Rate of Inflation	2.40%
Dental Trend	4.00%
Vision Trend	2.00%
Marital Assumption	70.00%
Participation Rate	100.00% for Retirees 80.00% for Spouses
Healthcare Cost Trend Rates	7.00% for 2020, decreasing to an ultimate rate of 4.13% for 2089 and later years

The long-term bond rate is based on the Bond Buyer Weekly 20-Year Bond GO Index as of the measurement date (or the nearest business day thereto).

Mortality rates were based on the sex-distinct RP-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with Scale MP-2014, and then adjusted for mortality improvements with Scale MP-2018 mortality improvement scale on a fully generational basis.

Rates of turnover and retirement rates are based on rates of decrement due to turnover and retirement based on the experience under the New York State and Local Retirement System as prepared by the Department of Civil Service's actuarial consultant in the report titled, Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation (December 2017). Please refer to Exhibits 6-1 through 6-4 for the complete turnover tables.

Election percentage: It was assumed that 100% of future retirees eligible for coverage will elect retiree group benefits

Spousal Coverage: It was assumed that 80% of future retirees will elect spousal coverage upon retirement.

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Continued

The annual rate of increase in healthcare costs were developed using the baseline projection of the SOA Long-Run Medical Cost Trend Model (v2019_b). The short term (first 4 years) trend rates were based on the recent premium rate history for Tioga CSD. The long-term (after 4 years) trend rates were based on various assumptions.

The actuarial assumptions used in the June 30, 2018 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	\$ 45,690,114
 Changes for the Year	
Service Cost	1,503,600
Interest Cost	1,800,092
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	539,361
Benefit Payments	(1,359,375)
Net Change	2,483,678
 Balance at June 30, 2020	 \$ 48,173,792

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% percent in 2019 to 3.50% in 2020.

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

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 56,463,591	\$ 48,173,792	\$ 41,525,399

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Continued

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 40,381,829	\$ 48,173,792	\$ 58,294,490

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

For the year ended June 30, 2020, the School District recognized OPEB expense of (\$279,966).

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$	\$ 6,219,281
Changes in Assumptions or Other Inputs	446,207	5,562,526
Contributions Subsequent to Measurement Date	1,420,208	
Total	\$ 1,866,415	\$ 11,781,807

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2021	\$ (3,583,658)
2022	(3,583,658)
2023	(2,587,570)
2024	(1,654,305)
2025 and Thereafter	73,591

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Effect on Net Position

Changes in the OPEB liability and deferred outflows and inflows of resources for the year ended June 30, 2020 resulted in the following effect on net position:

	<u>Beginning Balance</u>	<u>Change</u>	<u>Ending Balance</u>
OPEB			
Other Postemployment Benefits Liability	\$ 45,690,114	\$ 2,483,678	\$ 48,173,792
Deferred Outflows of Resources	(1,359,375)	(507,040)	(1,866,415)
Deferred Inflows of Resources	15,458,619	(3,676,812)	11,781,807
Total Effect on Net Position	<u>\$ 59,789,358</u>	<u>\$ (1,700,174)</u>	<u>\$ 58,089,184</u>

Note 12 Commitments and Contingencies

Risk Financing and Related Insurance

General Information

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

Health Insurance

The School District incurs costs related to an employee health insurance plan (Plan) sponsored by the Broome-Tioga health insurance consortium. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Plan members include 18 school districts, with the School District bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities.

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.

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

***Note 12* Commitments and Contingencies - Continued**

Health Insurance - Continued

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

During the year ended June 30, 2020, the Tioga Central School District incurred premiums or contribution expenditures totaling \$3,462,897.

Other Items

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

***Note 13* Stewardship, Compliance, and Accountability**

Deficit Net Position

At June 30, 2020 the District-wide Statement of Net Position had an unrestricted net deficit of \$(36,376,135). This is the result of the requirement to record other postemployment benefit liability with no requirement or mechanism to fund this liability. (See Note 11.) This deficit is not expected to be eliminated during the normal course of operations.

Deficit Unassigned Fund Balance

At June 30, 2020 the Capital Projects Renovation Fund had an unrestricted fund balance deficit of \$(259,941). This deficit is expected to be eliminated as the School District finances ongoing capital projects.

Compliance with Real Property Tax Law §1318

As described in Note 1, Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain in the General Fund to no more than 4% of the next year's budgetary appropriations. The School District's unexpended surplus at June 30, 2020 exceeded this limit by \$1,779,919. The excess was largely the result of uncertainties regarding the potential impact of COVID-19. School District management has discussed several options to address the excess fund balance issue.

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 14 Fund Balance Detail

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

	General Fund	Special Aid Fund	School Lunch Fund	Debt Service Fund
Nonspendable				
Prepaid Expenses	\$ 439,906	\$	\$	\$
Inventory			32,365	
Total Nonspendable Fund Balance	\$ 439,906	\$ -	\$ 32,365	\$ -
Restricted				
Insurance Reserve	\$ 177,808	\$	\$	\$
Retirement Contribution Reserve	769,000			
Employee Benefit Accrued				
Liability Reserve	77,736			
Capital Reserve	1,791,014			
School Lunch			163,822	
Debt				641,298
Total Restricted Fund Balance	\$ 2,815,558	\$ -	\$ 163,822	\$ 641,298
Assigned				
Appropriated for Next Year's Budget	\$ 612,652	\$	\$	\$
Encumbered for:				
General Support	20,308			
Instruction	10,076			
Pupil Transportation	10,963			
Total Assigned Fund Balance	\$ 653,999	\$ -	\$ -	\$ -

Note 15 General Fund Restricted Fund Balances

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

General Fund	Beginning Balance	Additions	Interest Earned	Appropriated	Ending Balance
Insurance Reserve	\$ 177,665	\$	\$ 143	\$	\$ 177,808
Retirement Contribution Reserve	991,243		561	(222,804)	769,000
Employee Benefit Accrued					
Liability Reserve	164,798		63	(87,125)	77,736
Capital Reserve	1,789,042		1,972		1,791,014
Total Restricted Fund Balance	\$ 3,122,748	\$ -	\$ 2,739	\$ (309,929)	\$ 2,815,558

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 16 Tax Abatements

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

TCIDA enters into PILOT agreements with businesses within Tioga County under New York State General Municipal Law 858. Economic development agreements entered into by TCIDA can include the abatement of county, local, and school district taxes. In this case, negotiated abatements have resulted in reductions of property taxes, which TCIDA administers as a temporary reduction in the assessed value of the property involved. The abatement agreements generally stipulate a percentage reduction of property taxes, but sometimes stipulate a dollar value reduction in lieu of a percentage reduction.

Information relevant to disclosure of the programs for the year ended June 30, 2020 is as follows:

	Taxable Assessed Value	Combined Tax Rates	Tax Value	PILOT Received	Taxes Abated
Tioga County Industrial Development Agency					
Tioga Downs	\$ 30,255,835	46.27	\$ 1,399,924	\$ 151,787	\$ 1,248,137
Total PILOT Agreements	\$ 30,255,835		\$ 1,399,924	\$ 151,787	\$ 1,248,137

Note 17 Uncertainty

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

Note 18 Subsequent Events

On August 13, 2020, the School District issued \$1,580,000 of Bond Anticipation Notes with 1.25% interest and a maturity date of August 13, 2021. The proceeds of the bonds will provide \$1,800,000 in new monies for various improvement projects. The purpose of the BANs is to renew existing BANs for various capital improvements.

TIOGA CENTRAL SCHOOL DISTRICT

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Local Sources				
Real Property Taxes	\$ 3,307,352	\$ 3,307,352	\$ 3,307,352	\$
Other Tax Items	694,757	694,757	685,548	(9,209)
Charges for Services	6,150	6,150	32,971	26,821
Use of Money and Property	2,500	2,500	25,162	22,662
Sale of Property and Compensation for Loss	20,650	20,650	7,998	(12,652)
Miscellaneous	80,000	80,000	165,453	85,453
Total Local Sources	<u>4,111,409</u>	<u>4,111,409</u>	<u>4,224,484</u>	<u>113,075</u>
State Sources	15,472,083	15,472,083	15,327,754	(144,329)
Federal Sources			45,890	45,890
Total Revenues	<u>19,583,492</u>	<u>19,583,492</u>	<u>19,598,128</u>	<u>14,636</u>
OTHER FINANCING SOURCES				
Operating Transfers In	-	-	-	-
Total Revenues and Other Financing Sources	<u>19,583,492</u>	<u>19,583,492</u>	<u>\$ 19,598,128</u>	<u>\$ 14,636</u>
Appropriated Fund Balance	715,066	715,066		
Designated Fund Balance and Encumbrances Carried Forward from Prior Year	<u>461,269</u>	<u>461,269</u>		
Total Revenues, Appropriated Reserves, and Designated Fund Balance	<u>\$ 20,759,827</u>	<u>\$20,759,827</u>		

See Notes to Required Supplementary Information

TIOGA CENTRAL SCHOOL DISTRICT

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

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES					
General Support					
Board of Education	\$ 18,560	\$ 21,745	\$ 19,615	\$	\$ 2,130
Central Administration	200,550	203,031	200,242	69	2,720
Finance	300,308	298,907	287,711	180	11,016
Staff	20,050	17,500	12,201		5,299
Central Services	1,847,102	1,779,280	1,381,016	20,059	378,205
Special Items	152,666	152,666	147,767		4,899
Total General Support	<u>2,539,236</u>	<u>2,473,129</u>	<u>2,048,552</u>	<u>20,308</u>	<u>404,269</u>
Instruction					
Instruction, Administration, and Improvement	694,937	774,219	704,437	471	69,311
Teaching - Regular School	4,900,729	4,895,779	4,668,053	7,424	220,302
Programs for Students with Disabilities	1,721,703	1,750,632	1,733,407	1,979	15,246
Occupational Education	356,267	357,544	356,549		995
Teaching - Special School	1,000	1,000	118		882
Instructional Media	341,946	321,282	205,345	202	115,735
Pupil Services	655,717	740,065	620,127		119,938
Total Instruction	<u>8,672,299</u>	<u>8,840,521</u>	<u>8,288,036</u>	<u>10,076</u>	<u>542,409</u>
Pupil Transportation	1,021,527	1,020,526	844,250	10,963	165,313
Community Services	15,158	25,608	20,964		4,644
Employee Benefits	4,913,902	4,802,338	4,749,191		53,147
Debt Service					
Principal	310,505	314,934	295,509		19,425
Interest	30,887	24,379	24,379		-
Total Debt Service	<u>341,392</u>	<u>339,313</u>	<u>319,888</u>	<u>-</u>	<u>19,425</u>
Total Expenditures	<u>17,503,514</u>	<u>17,501,435</u>	<u>16,270,881</u>	<u>41,347</u>	<u>1,189,207</u>
OTHER FINANCING USES					
Operating Transfers Out	3,256,313	3,258,392	2,496,381		762,011
Total Expenditures and Other Financing Uses	<u>\$ 20,759,827</u>	<u>\$ 20,759,827</u>	<u>18,767,262</u>	<u>\$ 41,347</u>	<u>\$ 1,951,218</u>
Net Change in Fund Balance			830,866		
Fund Balance - Beginning of Year			5,596,633		
Fund Balance - End of Year			<u>\$6,427,499</u>		

See Notes to Required Supplementary Information

TIOGA CENTRAL SCHOOL DISTRICT

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 221,829	\$ 224,217	\$ 223,617
Contributions in Relation to the Contractually Required Contribution	(221,829)	(224,217)	(223,617)
Contribution Deficiency (Excess)	-	-	-
School District's Covered Payroll	1,629,661	1,578,420	1,537,150
Contributions as a Percentage of Covered Payroll	13.6%	14.2%	14.5%

* Information Not Readily Available

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 532,846	\$ 628,824	\$ 539,877
Contributions in Relation to the Contractually Required Contribution	(532,846)	(628,824)	(539,877)
Contribution Deficiency (Excess)	-	-	-
School District's Covered Payroll	6,014,063	5,921,130	5,508,949
Contributions as a Percentage of Covered Payroll	8.9%	10.6%	9.8%

See Notes to Required Supplementary Information

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 234,420	\$ 257,975	\$ 281,863	\$ 341,070	\$ 298,206	\$ 231,994	\$ 221,112
(234,420)	(257,975)	(281,863)	(341,070)	(298,206)	(231,994)	(221,112)
-	-	-	-	-	-	-
1,550,455	1,506,778	1,510,236	1,582,724	*	*	*
15.1%	17.1%	18.7%	21.5%	*	*	*

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 609,729	\$ 670,185	\$ 860,426	\$ 781,640	\$ 567,569	\$ 422,329	\$ 328,950
(609,729)	(670,185)	(860,426)	(781,640)	(567,569)	(422,329)	(328,950)
-	-	-	-	-	-	-
5,202,466	5,054,186	4,908,306	4,810,092	4,793,657	3,801,341	3,816,125
11.7%	13.3%	17.5%	16.3%	11.8%	11.1%	8.6%

TIOGA CENTRAL SCHOOL DISTRICT

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

	2020	2019
School District's Proportion of the Net Pension Asset/Liability	0.0051149%	0.0050910%
School District's Proportionate Share of the Net Pension Asset/Liability	\$ 1,354,446	\$ 360,703
School District's Covered Payroll During the Measurement Period	1,614,725	1,571,293
School District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of its Covered Payroll	83.9%	23.0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/Liability	86.4%	96.3%

*Schedule is Intended to Show Information for 10 Years.
Additional Years Will be Displayed as They Become Available.*

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

	2020	2019
School District's Proportion of the Net Pension Asset/Liability	0.034405%	0.033974%
School District's Proportionate Share of the Net Pension Asset/Liability	\$ (893,850)	\$ (614,340)
School District's Covered Payroll During the Measurement Period	5,921,130	5,508,949
School District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of its Covered Payroll	(15.1)%	(11.2)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/Liability	(102.2)%	(101.5)%

*Schedule is Intended to Show Information for 10 Years.
Additional Years Will be Displayed as They Become Available.*

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.0053390%	0.0052690%	0.0056690%	0.0032710%
\$ 172,322	\$ 495,081	\$ 909,893	\$ 199,537
1,525,400	1,542,119	1,494,997	1,515,316
11.3%	32.1%	60.9%	13.2%
98.2%	94.7%	90.7%	97.9%

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.032939%	0.032776%	0.032676%	0.016891%
\$ (250,372)	\$ 351,035	\$(3,393,946)	\$(3,627,338)
5,202,466	5,054,186	4,908,306	4,810,093
(4.8)%	6.9%	(69.1)%	(75.4)%
(100.7)%	99.0%	(110.5)%	(111.5)%

TIOGA CENTRAL SCHOOL DISTRICT

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

	2020	2019	2018
Service Cost	\$ 1,503,600	\$ 1,627,269	\$ 2,060,542
Interest Cost	1,800,092	2,061,381	1,794,107
Changes of Benefit Terms	-	(141,080)	-
Differences Between Expected and Actual Experience	-	(9,051,223)	-
Changes in Assumptions or Other Inputs	539,361	(3,306,101)	(7,792,746)
Benefit Payments	(1,359,375)	(1,366,889)	(1,271,079)
	2,483,678	(10,176,643)	(5,209,176)
Total OPEB Liability - Beginning	45,690,114	56,316,757	61,526,133
Total OPEB Liability - Ending	\$ 48,173,792	\$ 45,690,114	\$ 56,316,957
Covered Employee Payroll	\$ 7,800,000	\$ 7,500,000	\$ 6,450,000
Total OPEB Liability as a Percentage of Covered Payroll	618%	609%	873%

* Information for Periods Prior to Implementation of GASB Statement No. 75 is Unavailable and Will be Completed for Each Year Going Forward as it Becomes Available.

2017	2016	2015	2014	2013	2012	2011
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
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*	*	*	*	*	*	*
*	*	*	*	*	*	*
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\$61,526,133	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
*	*	*	*	*	*	*

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2020

Note 1 Budgetary Procedures and Budgetary Accounting

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

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

The following supplemental appropriations occurred during the year:

Adopted Budget	\$ 20,298,558
Carryover Encumbrances	461,269
Original Budget	<u>20,759,827</u>
Final Budget	<u>\$ 20,759,827</u>

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

Annual legal budgets are not adopted for the Special Revenue Funds (Special Aid and School Lunch). Budgetary controls for the Special Aid Fund are established in accordance with the applicable grant agreements. Special Aid grants may also cover a period other than the School District's fiscal year. Budgetary controls for School Lunch Fund are established internally.

Note 2 Reconciliation of the General Fund Budget Basis to GAAP

No adjustment is necessary to convert excess of revenues and other sources over expenditures and other uses on the GAAP basis to the budget basis, as there were no encumbrances added to the actual expenditures recorded in the budgetary comparison schedules.

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

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

2020 - 3.50%
2019 - 3.87%
2018 - 3.60%

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2020

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

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

NYSLRS

Changes in Benefit Terms

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

Changes of Assumptions

There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2015 actuarial valuation. The salary scales for both plans used in the April 1, 2018 actuarial valuation were increased by 10%. The interest rate assumption was reduced to 6.8% and the mortality improvement assumption was updated to Societies of Actuaries' Scale MP-2018 for the April 1, 2019 actuarial valuation.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2019 actuarial valuation determines the employer rates for contributions payable in fiscal year 2020. The following actuarial methods and assumptions were used:

Actuarial Cost Method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset Valuation Period	5-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.5%
Salary Scale	3.8% in ERS, indexed by service.
Investment Rate of Return	7.0% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3% annually.

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2020

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

NYSTRS

Changes in Benefit Terms

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

Changes of Assumptions

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

The System's long-term rate of return assumption for purposes of the NPL is 7.10%, effective with the 2019 actuarial valuation. For the 2018 and 2017 actuarial valuations, the System's long-term rate of return assumption was 7.25%. For the 2016 actuarial valuation, the System's long-term rate of return assumption was 7.5%. Prior to the 2016 actuarial valuation, the System's long-term rate of return was 8.0%.

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

Effective with the 2019 actuarial valuation, COLAs are projected to increase at a rate of 1.30% annually. Effective with the 2015 actuarial valuation, COLAs were projected to increase at a rate of 1.50% annually. Prior to the 2015 actuarial valuation, COLAs were projected to increase at a rate of 1.625% annually.

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

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

TIOGA CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

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

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

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

Actuarial Cost Method	The System is funded in accordance with the Aggregate Cost Method, which does not identify nor separately amortize unfunded actuarial liabilities. Costs are determined by amortizing the unfunded present value of benefits over the average future working lifetime of active plan members, which currently for NYSTRS is approximately 13 years.
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Asset Valuation Method	Five-year phased-in deferred recognition of each year's net investment income/loss in excess of (or less than) the assumed valuation rate of interest at a rate of 20.0% per year, until fully recognized after 5 years
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Inflation	2.25%
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Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.
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Service	Rate
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Investment Rate of Return	7.25% compounded annually, net of investment expenses, including inflation.
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Cost of Living Adjustments	1.3% compounded annually.
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TIOGA CENTRAL SCHOOL DISTRICT

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

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	<u>\$20,298,558</u>
Prior Year's Encumbrances	<u>461,269</u>
Original Budget	<u>20,759,827</u>
Final Budget	<u><u>\$20,759,827</u></u>

§1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

Next Year's Budget is a Voter Approved Budget	<u><u>\$ 18,452,924</u></u>
Maximum Allowed (4% of the 2020-2021 Budget)	<u><u>\$ 738,117</u></u>

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

Unrestricted Fund Balance:

Assigned Fund Balance	\$ 653,999
Unassigned Fund Balance	<u>2,518,036</u>
Total Unrestricted Fund Balance	<u><u>3,172,035</u></u>

Less:

Appropriated Fund Balance	\$ 612,652
Encumbrances Included in Committed and Assigned Fund Balance	<u>41,347</u>
Total Adjustments	<u><u>653,999</u></u>

General Fund Fund Balance Subject to §1318 of Real Property Tax Law **\$ 2,518,036**

Actual Percentage 13.6%

TIOGA CENTRAL SCHOOL DISTRICT

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

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Total
			Prior Years	Current Year	Transfer to Debt Service	
New K-12 Renovations 60090304-0007-015	\$ 7,550,000	\$ 6,201,292	\$ 6,201,292	\$	\$	\$ 6,201,292
New K-12 Renovations 60090304-0007-018	-	1,348,708	16,453	118,846		135,299
SMART Schools Investment Plan	150,000	150,000	49,162	61,336		110,498
Emergency Kitchen Project	20,000	17,212	17,495			17,495
2019-20 Bus Purchases	260,025	260,025		260,025		260,025
Subtotal	7,980,025	7,977,237	6,284,402	440,207	-	6,724,609
Unredeemed BANs - Capital Projects						
Total	\$7,980,025	\$7,977,237	\$ 6,284,402	\$440,207	\$ -	\$ 6,724,609

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

Unexpended Balance	Methods of Financing			Fund Balance (Deficit) June 30, 2020	
	Proceeds of Obligations	State Aid	Local Sources		Total
\$	\$ 5,801,292	\$	\$ 400,000	\$ 6,201,292	\$ -
1,213,409	508,708		1,066,650	1,575,358	1,440,059 *
39,502		110,498		110,498	-
(283)			17,495	17,495	-
-	260,025			260,025	-
1,252,628	6,570,025	110,498	1,484,145	8,164,668	1,440,059
	(1,700,000)			(1,700,000)	(1,700,000)
\$ 1,252,628	\$ 4,870,025	\$ 110,498	\$ 1,484,145	\$ 6,464,668	\$ (259,941)

TIOGA CENTRAL SCHOOL DISTRICT

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

Capital Assets, Net	<u>\$ 28,524,745</u>
Add:	
Amounts Deferred on Refunding	<u>691,801</u>
Deduct:	
Bond Anticipation Notes	<u>(1,700,000)</u>
Premium on Bonds	<u>(1,865,516)</u>
Short-term Portion of Bonds Payable, Before Deferred Amounts	<u>(1,190,401)</u>
Long-term Portion of Bonds Payable, Before Deferred Amounts	<u>(13,048,613)</u>
Less: Unspent Bond Proceeds	<u>373,409</u>
 Net Investment in Capital Assets	 <u><u>\$ 11,785,425</u></u>

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

Board of Education
Tioga Central School District
Tioga Center, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tioga Central School District (the School District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 24, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

The School District's Response to the Finding

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

Purpose of this Report

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

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 24, 2020

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

Board of Education
Tioga Central School District
Tioga Center, New York

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 24, 2020

TIOGA CENTRAL SCHOOL DISTRICT

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

<u>Federal Grantor/Pass - Through Grantor Program Title</u>	<u>Federal CFDA #</u>	<u>Pass - Through Grantor #</u>	<u>Expenditures to Subrecipients</u>	<u>Expenditures</u>
U.S. Department of Education				
Passed Through NYS Department of Education:				
Title I Grants to Local Educational Agencies	84.010	0021203355	\$	\$ 296,291
Rural and Low-Income School Program	84.358B	0006203355		17,722
Supporting Effective Instruction State Grants	84.367	0147203355		39,203
Student Support and Academic Enrichment	84.424	0204203355		22,462
Student Support and Academic Enrichment	84.424	0204193355		<u>6,915</u>
Special Education Cluster:				
Special Education - Grants to States	84.027	0032200979		228,173
Special Education - Preschool Grants	84.173	0033200979		<u>8,828</u>
Total Special Education Cluster				<u>237,001</u>
Total U.S. Department of Education				<u>619,594</u>
U.S. Department of Agriculture				
Passed Through NYS Department of Education:				
Child Nutrition Cluster:				
National School Lunch	10.555	(1)		248,668
School Breakfast Program	10.553	(1)		86,968
Summer Food Service Program	10.559	(1)		12,073
COVID-19 - Summer Food Service Program	10.559	(1)		<u>127,324</u>
Total Child Nutrition Cluster				<u>475,033</u>
Total U.S. Department of Agriculture				<u>475,033</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,094,627</u>

(1) Unknown

See Notes to Schedule of Expenditures of Federal Awards

TIOGA CENTRAL SCHOOL DISTRICT

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

Note 1 **Basis of Presentation**

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

Note 2 **Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Uniform Guidance, *Audits of State and Local Governments*, and *Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the financial statements.

Note 3 **Indirect Costs**

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

Note 4 **Matching Costs**

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

Note 5 **Non-Monetary Federal Program**

The Tioga Central School District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program." During the year ended June 30, 2020, the Tioga Central School District received \$24,342 worth of commodities under the National School Lunch Program (CFDA #10.555).

Note 6 **Other Disclosures**

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value and is covered by the School District's casualty insurance policies. There were no loans or loan guarantees outstanding at year end. No amounts were provided to subrecipients.

TIOGA CENTRAL SCHOOL DISTRICT

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

Section I - Summary of Auditors' Results

Financial Statements

Type of Auditors' Report Issued Unmodified

Internal Control Over Financial Reporting:

Material Weakness(es) Identified? Yes X No

Significant Deficiency(ies) Identified that are not
Considered to be Material Weakness(es)? Yes X None Reported

Noncompliance Material to Financial Statements Noted? X Yes 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 Material Weakness(es)? Yes X None Reported

Type of Auditors' Report Issued on Compliance for Major Programs Unmodified

Any Audit Findings Disclosed that are Required to be Reported
in Accordance with 2 CFR 200.516(a)? Yes X No

Identification of Major Programs

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553, 10.555, 10.559</u>	<u>Child Nutrition Cluster</u>

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

Auditee qualified as low-risk? X Yes No

TIOGA CENTRAL SCHOOL DISTRICT

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

Section II - Financial Statement Findings

2020-001 Fund Balance Limitation

Condition:

At June 30, 2020, unassigned fund balance in the General Fund was \$1,779,919 in excess of the allowable limit.

Criteria:

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

Cause:

Appropriations exceeded final expenditures and encumbrances by \$1,951,218, primarily due to lower than planned central service and instructional costs.

Effect:

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

Recommendation:

If this situation arises in the future, we recommend management consider transferring excess funds to appropriate reserves prior to year end or prior to adoption of the subsequent year's tax levy.

Response:

In the past, it has never been the District's practice to carry over fund balance in excess of the allowed amount. However, due to ongoing uncertainty and potential of holdbacks and/or cuts of state aid, the District feels it is prudent to take the most conservative approach possible entering the 2020/21 school year. This approach includes spending freezes, as well as a carryover of fund balance in excess of the allowable limit. It is not clear at this time whether state aid holdbacks will become permanent cuts, but if they do become permanent, or if they are elevated to the 20% level that has been discussed, the impact would be devastating on Tioga Central. In addition to the uncertainty surrounding state aid, the District is also incurring many additional costs related to COVID-19, and intends to offset such costs with unassigned fund balance as needed. Additionally, the District continues to feel pressure associated from increases in uncontrollable costs such as health insurance premiums, pension obligations and special education requirements. It is critical during these highly volatile and uncertain times that a healthy fund balance be sustained to protect the quality education program that Tioga Central provided for so long.

Section III - Federal Award Findings and Questioned Costs

None