

ANDES CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2021

ANDES CENTRAL SCHOOL DISTRICT

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ANDES CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The following is a narrative overview and analysis of the financial activities of the Andes Central School District (the "District") for the fiscal year ended June 30, 2021. This discussion is intended to serve as an introduction to the District's basic financial statements, which immediately follow this section. The basic financial statements have the following components: (1) management's discussion and analysis (MD&A), (2) district-wide financial statements, (3) fund financial statements and (4) notes to the basic financial statements.

FINANCIAL HIGHLIGHTS

- Government-wide net position of the District was (\$2,237,776) at June 30, 2021.
- Government-wide net position was \$219,732 lower than at July 1, 2020.
- The District continued to offer all programs, without reducing services, while maintaining fund balance, including reserves.
- District residents continued strong support of spending plans. No annual operating budget has been rejected by them in several years.
- The stagnation of State Aid and the SED demands for additional educational programming have placed great financial burdens on the District's residents to meet these financial needs through the tax levy.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status;
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the operation in more detail than the district-wide statements;
- The governmental fund statements tell how basic services such as instruction and support functions were financed in the short-term as well as what remains for future spending; and
- The fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee for the benefits of others, including the employees of the District.

The basic financial statements also include notes that provide additional information about these financial statements. The financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budgets for the 2021 fiscal year.

ANDES CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Figure A-1 Major Features of the District-Wide and Fund Financial Statements			
	Fund Financial Statements		
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activity monies
Required financial statements	Statement of Net Position Statement of Activities	Balance sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter, no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

ANDES CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

District-Wide Statements

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

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

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

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

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants)

The District has two kinds of funds:

- **Governmental Funds:** Most of the District's basic services are including in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the district-wide statements, additional information on Page 19, Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position, can explain the relationship (or differences) between them.

ANDES CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The 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 District excludes these activities from the district-wide statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS AN ENTITY

The District's total net position was lower on June 30, 2021 than the year before, decreasing 15.2% to (\$2,237,776) as detailed in Figure A-2.

Figure A-2: Condensed Statement of Net Position—Government Activities (In Thousands of Dollars)

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>	<u>% Change (Increase/ Decrease)</u>
Assets			
Current Assets	\$ 3,213	\$ 3,619	-11.2%
Capital Assets - Net	5,707	5,296	7.8%
Net Pension Asset	-	210	-100.0%
Total Assets	<u>8,920</u>	<u>9,125</u>	-2.2%
Deferred Outflows	<u>2,692</u>	<u>3,087</u>	-12.8%
Liabilities			
Current Liabilities	64	190	-66.3%
Long-Term Liabilities	11,009	13,382	-17.7%
Net Pension Liability	<u>224</u>	<u>207</u>	8.2%
Total Liabilities	<u>11,297</u>	<u>13,779</u>	-18.0%
Deferred Inflows	<u>2,553</u>	<u>380</u>	571.8%
Net Position			
Invested in Capital Assets - Net of Related Debt	1,457	782	86.3%
Restricted	1,153	1,107	4.2%
Unrestricted	<u>(4,849)</u>	<u>(3,833)</u>	-26.5%
Total Net Position	<u>\$ (2,239)</u>	<u>\$ (1,944)</u>	-15.2%

Note: Totals may not add due to rounding

Total net position shows the results of overall operations for the fiscal year. For 2021, total expenditures exceeded revenues by \$220, which resulted in the overall decrease in total net position.

ANDES CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Figure A-3: Changes in Net Position from Operating Results (In Thousands of Dollars)

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>	<u>% Change (Increase/ Decrease)</u>
Revenues			
Program Revenues			
Charges for Services	\$ 9	\$ 14	-35.7%
Operating Grants and Contributions	137	150	-8.7%
General Revenues			
Property Taxes	3,080	3,060	0.7%
State Sources	967	944	2.4%
Use of Money and Property	10	23	-56.5%
Sale of Property and Compensation for Loss	-	-	0%
Miscellaneous	124	90	37.8%
Total Revenue	<u>4,327</u>	<u>4,281</u>	1.1%
Expenses			
General Support	769	727	5.8%
Instruction	1,883	1,934	-2.6%
Transportation	155	187	-17.1%
Employee Benefits	1,334	1,705	-21.8%
Debt Service	98	88	11.4%
School Lunch Program	125	121	3.3%
Depreciation	182	181	0.6%
Total Expenses	<u>4,546</u>	<u>4,943</u>	-8.0%
Decrease in Net Position	(219)	(662)	66.9%
Net Position, Beginning Restated	<u>(2,018)</u>	<u>(1,282)</u>	-57.4%
Net Position, Ending	<u>\$ (2,237)</u>	<u>\$ (1,944)</u>	-15.1%

Note: Totals may not add due to rounding

Changes in Net Position

The District's fiscal year 2021 revenues totaled \$4,327,465 (see Figure A-3). Property taxes and state aid accounted for most of the District revenues contributing 71% and 22%, respectively (see Figure A-4). The remainder came from operating grants and other miscellaneous sources.

ANDES CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The cost of all programs and services totaled \$4,547,197 for the fiscal year 2021. These expenses are predominantly related to general support, instruction and employee benefits (see Figure A-5).

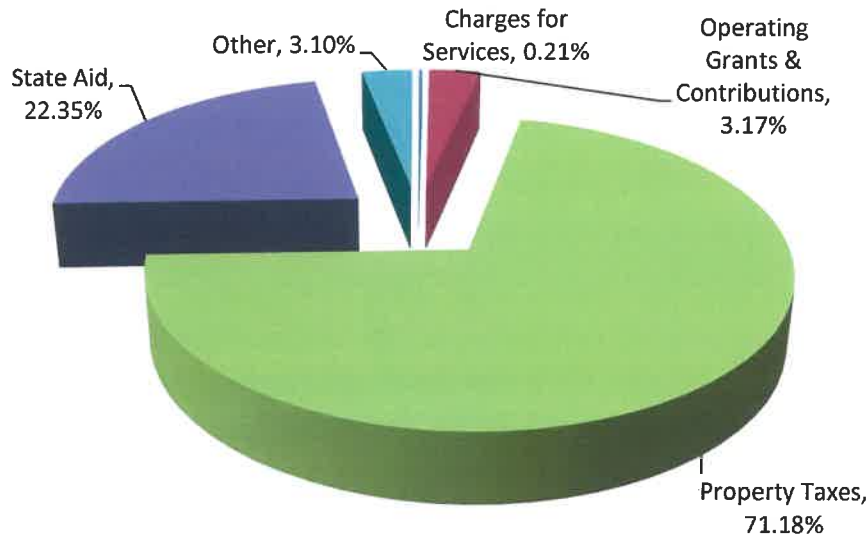
Expenses in excess of revenues were \$219,732.

The future fiscal health of the District operation condition is dependent upon several factors:

- Continued leadership of the District Board and Administration;
- Approval of the District's proposed annual budget;
- Continued growth in the District's property tax base, and;
- Continued State and Federal aid.

Figure A-4

Revenues by Source – Governmental Activities



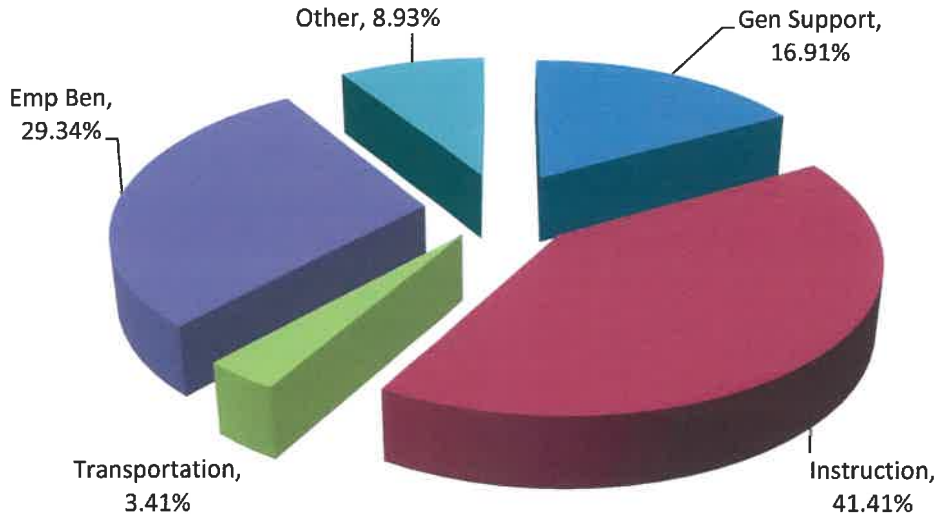
Operating grants include Federal and State project award funds.

Charges for services include revenue from tuition, cafeteria sales and other miscellaneous local sources.

ANDES CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Figure A-5

Expenditures – Governmental Activities



Variations between years for the governmental fund financial statements are not the same as variations for the district-wide financial statements. The governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds include the proceeds received from the issuance of debt, the current payments for capital assets and the current principal payments for debt.

Figure A-6 presents the expenditures of the five areas of the District's activities: general support, instruction, pupil transportation, debt service and school lunch program. Figure A-6 also shows each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

ANDES CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Figure A-6: Net Cost of Governmental Activities (In Thousands of Dollars)

	Total Cost of Services			Net Cost of Services		
	2021	2020	% Change (Increase/ Decrease)	2021	2020	% Change (Increase/ Decrease)
General Support	\$ 769	\$ 727	6%	\$ 1,005	\$ 992	1%
Instruction	1,883	1,934	-3%	2,842	3,184	-11%
Pupil Transportation	155	187	-17%	296	354	-16%
Employee Benefits	1,334	1,705	-22%	-	-	0%
Debt Service -						
Interest	98	88	11%	98	88	11%
Depreciation	182	181	1%	-	-	0%
School Lunch Program	125	121	3%	159	161	-1%
Totals	\$ 4,546	\$ 4,943	-8%	\$ 4,400	\$ 4,779	-8%

General Fund Budgetary Highlights

The District budgetary comparison schedule is shown in the required supplementary information section on Pages 57 and 58.

The District tries to balance the needs of our students with that of the taxpayers. For the 2020-2021 fiscal year, the District had a minimal tax increase and taxes collected agreed to budgeted levels. Revenues below the budget by \$337,696, primarily, less state and federal aid.

Actual expenses for the year came in under budget. The Central Services variance is primarily a result of lower fuel oil, electricity, contractual and supplies costs for the year. Instructional expenses, especially in the area of Pupil Services, were under budget as well. Pupil transportation was under budget for bus driver salaries, overtime and supplies. Employee benefits were under budget for expenditures into the State Retirement System and health and dental insurance. Health insurance budget was based on estimated premiums which were higher than the actual rates the District ended up paying.

General fund revenues were greater than expenditures by \$442,484.

The District's general fund equity at June 30, 2021 was \$2,912,510. Included in fund equity were restricted balances totaling \$1,149,231, assigned balances totaling \$202,590 and an unassigned balance of \$1,560,689. Components of the District's governmental fund equity are further explained in the accompanying notes on Page 31.

ANDES CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Figure A-7: Fixed Assets (Net of Depreciation) (In Thousands of Dollars)

	<u>Governmental Activities and Total District</u>		% Change (Increase/ Decrease)
	Fiscal Year 2021	Fiscal Year 2020	
Land	\$ 25	\$ 25	0%
Buildings	1,260	1,337	-6%
Construction in Progress	4,056	3,484	16%
Furniture and Equipment	367	450	-18%
Totals	<u>\$ 5,708</u>	<u>\$ 5,296</u>	8%

Current year depreciation amounts to \$182,578.

Figure A-8: Outstanding Long-Term Debt (In Thousands of Dollars)

	<u>Total District</u>		% Change (Increase/ Decrease)
	2021	2020	
Serial Bonds	\$ 4,170	\$ 4,428	422%
Compensated Absences	298	301	-9%
Other Post-Employment Benefits	6,419	8,504	34%
Totals	<u>\$ 10,887</u>	<u>\$ 13,233</u>	75%

ANDES CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

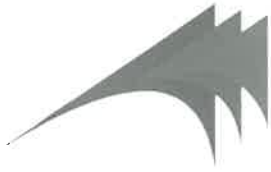
FACTORS BEARING ON DISTRICT'S FUTURE

- The economy is a very important consideration in all current and future fiscal analysis that is provided to the community.
- The Board of Education and the Superintendent are providing outstanding leadership in balancing the educational needs of the students with the available financial and human resources.
- Legislation enacted in 2011 creates a property tax limit for school districts starting in 2012-13. For districts other than the Big Five, tax levy growth, with certain exemptions, is limited to the lesser of two percent or the annual increase in the CPI. A district may exceed the cap, with the approval of 60% of the voters.
- As a result of the COVID-19 pandemic the District has been complying with CDC, NYS Department of Health and NYSED guidelines to ensure the safety of our students, staff and community members. At present, the full financial impact of COVID-19 is not known.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the finances of the Andes Central School District and to demonstrate our accountability with the funds we receive. If you have any questions about this report or need additional financial information, please contact:

Dr. Robert L. Chakar, Jr.
Superintendent
Andes Central School District
Delaware Avenue
Andes, New York 13731-0248



Sickler, Torchia
 Allen & Churchill, CPA's, PC
Your Partner When It Counts

Robert J. Allen, CPA
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 Craig R. Sickler, CPA
 Michael A. Torchia, Jr., CPA, CVA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Andes Central School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the 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.

Auditor's Responsibility

Our responsibility is to express opinions on these basic 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 basic financial statements are free of material misstatement.

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

ANDES CENTRAL SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 government activities, each major fund, and the aggregate remaining fund information of the Andes Central School District as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows 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, revenues, expenditures – budget and actual, funding progress for other post-employment benefits, local government's proportionate share of net pension liability for New York State Employees' Retirement System, schedule of local government's contributions for the New York State Employees' Retirement System, schedule of local government's proportionate share of net pension liability for New York State Teachers' Retirement System and schedule of local government's contributions for the New York State Teachers' Retirement System as listed in the table of contents 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 Andes Central School District's basic financial statements. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic

ANDES CENTRAL SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Change from Adopted Budget to Final Budget, and Section 1318 Real Property Tax Law Limit Calculation, Schedule of Project Expenditures-Capital Projects Fund, and the Schedule of Net Investment in Capital assets, Net of Related Debt have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A prior period adjustment was reflected the adoption of GASB 84, Net, see Note 9.

Change in Accounting Principle

As discussed in Note 2 to the financial statement, in 2021 the District adopted new accounting guidance GASB No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Reporting by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2021, on our consideration of the Andes Central School District internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Andes Central School District's internal control over financial reporting and compliance.

Siebler, Torchia, Allen & Churchill, LLP, P.C.

Hudson, New York

October 21, 2021

ANDES CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS	
Cash:	
Unrestricted	\$ 1,856,118
Restricted	1,149,231
Investments:	
Unrestricted	-
Restricted	-
Receivables:	
Taxes	-
State and Federal Aid	167,439
Due from Other Governments	34,114
Due from Fiduciary Funds	-
Other	-
Inventories	5,137
Deferred Expenditures	-
Capital Assets, Net	5,707,633
Net Pension Asset - Proportionate Share	-
Total Assets	8,919,671

DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Pension	533,455
Deferred Outflows - Contributions Post Measurement	121,915
Deferred Outflows - OPEB	2,036,873
Defeasance Loss	-
Total Deferred Outflows of Resources	2,692,243

LIABILITIES	
Payables:	
Accounts Payable	\$ 55,233
Accrued Liabilities	4,667
Due to Other Governments	117
Due to Fiduciary Funds	12
Bond Interest and Matured Bonds	4,054
Notes Payable:	
Tax Anticipation	-
Revenue Anticipation	-
Bond Anticipation	-
Deferred Credits:	
Overpayments and Collections in Advance	-
Long-Term Liabilities:	
Due and Payable Within One Year:	
Bonds Payable	297,785
Installment Purchase Debt Payable	-
Due to Teachers' Retirement System	106,178
Due to Employees' Retirement System	15,737
Compensated Absences Payable	-
Other Post Employment Benefits Payable	-
Other Liabilities	-
Due and Payable After One Year:	
Bonds Payable	3,872,119
BANs Refinanced on a Long-Term Basis	-
Installment Purchase Debt Payable	-
Due to Teachers' Retirement System	-
Due to Employees' Retirement System	-
Compensated Absences Payable	297,872
Other Post Employment Benefits Payable	6,419,186
Net Pension Liability - Proportionate Share	223,637
Other Liabilities	-
Total Liabilities	11,296,596

DEFERRED INFLOWS OF RESOURCES	
Deferred Outflows - OPEB	2,429,735
Deferred Outflows - Pension	41,043
Deferred Outflows	2,000
Net Bond Premium	80,316
Total Deferred Inflows of Resources	2,553,094

NET POSITION	
Net Investment in Capital Assets	1,457,413
Restricted for:	
Debt Service	4,422
Other Legal Restrictions	1,149,231
Unrestricted	(4,848,841)
Total Net Position	\$ (2,237,776)

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

ANDES CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS					
General Support	\$ 769,330	\$ 235,298	\$ -	\$ -	\$ 1,004,628
Instruction	1,882,960	1,094,800	(400)	(104,379)	2,872,981
Pupil Transportation	154,918	141,251	-	-	296,169
Community Service	-	-	-	-	-
Employee Benefits	1,333,936	(1,333,936)	-	-	-
Debt Service	98,397	-	-	-	98,397
Other Expenses	-	-	-	-	-
Cafeteria Program	125,077	45,165	(8,867)	(2,110)	159,265
Depreciation	182,578	(182,578)	-	-	-
Total Functions and Programs	<u>4,547,197</u>	<u>0.00</u>	<u>(9,267)</u>	<u>(106,490)</u>	<u>4,431,440</u>
GENERAL REVENUES					
Real Property Taxes					2,973,154
Other Tax Items					106,965
Non Property Taxes					-
Use of Money and Property					9,889
Sale of Property and Compensation for Loss					-
Miscellaneous					124,123
Interfund Revenue					-
State Sources					997,579
Federal Sources					-
Medicaid Reimbursement					-
Total General Revenues					<u>4,211,709</u>
Change in Net Position					(219,732)
Total Net Position - Beginning of Year					<u>(1,944,218)</u>
Prior Period Adjustment - See Note 9					<u>(73,826)</u>
Total Net Position - Beginning of Year, as Restated					<u>(2,018,044)</u>
Total Net Position - End of Year					<u>\$ (2,237,776)</u>

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

ANDES CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Capital Projects	Non-Major	Governmental Funds
ASSETS				
Cash:				
Unrestricted	\$ 1,616,911	\$ 221,907	\$ 17,300	\$ 1,856,118
Restricted	1,149,231	-	-	1,149,231
Investments:				
Unrestricted	-	-	-	-
Restricted	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Due From Other Funds	159,716	-	-	159,716
State and Federal Aid	138,937	-	28,502	167,439
Due from Other Governments	34,114	-	-	34,114
Other, Net of Allowance	-	-	-	-
Inventories	-	-	5,137	5,137
Deferred Expenditures	-	-	-	-
Capital Assets, Net	-	-	-	-
Total Assets	<u>\$ 3,098,909</u>	<u>\$ 221,907</u>	<u>\$ 50,938</u>	<u>\$ 3,371,754</u>
LIABILITIES				
Payables:				
Accounts Payable	\$ 53,788	\$ -	\$ 1,444	\$ 55,233
Accrued Liabilities	3,204	-	1,463	4,667
Due to Other Funds	7,492	15,581	136,655	159,728
Due to Other Governments	-	-	117	117
Retainage Payable	-	-	-	-
Bond Interest and Matured Bonds	-	-	-	-
Notes Payable:				
Tax Anticipation	-	-	-	-
Revenue Anticipation	-	-	-	-
Bond Anticipation	-	-	-	-
Deferred Credits:				
Overpayments and Collections in Advance	-	-	-	-
Planned Balance	-	-	-	-
Long-Term Liabilities:				
Due to Teachers' Retirement System	106,178	-	-	106,178
Due to Employees' Retirement System	15,737	-	-	15,737
Compensated Absences Payable	-	-	-	-
Other Post Employment Benefits Payable	-	-	-	-
Judgments & Claims Payable	-	-	-	-
Other Liabilities	-	-	-	-
Total Liabilities	<u>186,399</u>	<u>15,581</u>	<u>139,679</u>	<u>341,659</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue	-	-	2,000	2,000
Sale of Future Revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>
FUND BALANCES				
Non-Spendable	-	-	5,137	5,137
Restricted	1,149,231	-	4,422	1,153,652
Committed	-	-	-	-
Assigned	202,590	206,326	-	408,916
Unassigned	1,560,688	-	(100,298)	1,460,390
Total Fund Balances	<u>2,912,510</u>	<u>206,326</u>	<u>(90,740)</u>	<u>3,028,095</u>
Total Liabilities and Fund Balances	<u>\$ 3,098,909</u>	<u>\$ 221,907</u>	<u>\$ 50,938</u>	<u>\$ 3,371,754</u>

Note: Totals may not add due to rounding.

ANDES CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General	Capital Projects	Non-Major	Governmental Funds
REVENUES				
Real Property Taxes	\$ 2,973,154	\$ -	\$ -	\$ 2,973,154
Other Tax Items	106,965	-	-	106,965
Nonproperty Taxes	-	-	-	-
Charges for Services	400	-	-	400
Use of Money and Property	9,887	-	2	9,889
Sale of Property and Compensation for Loss	-	-	-	-
Miscellaneous	122,049	-	2,073	124,123
Interfund Revenue	-	-	-	-
State Sources	965,611	-	31,968	997,579
Medicaid Reimbursement	-	-	-	-
Federal Sources	9,061	-	95,318	104,379
Surplus Food	-	-	2,110	2,110
Sales - School Lunch	-	-	8,867	8,867
Total Revenues	<u>4,187,126</u>	<u>-</u>	<u>140,339</u>	<u>4,327,465</u>
EXPENDITURES				
General Support	776,287	-	-	776,287
Instruction	1,705,706	-	91,970	1,797,675
Pupil Transportation	193,519	-	-	193,519
Community Service	-	-	-	-
Employee Benefits	617,084	-	5,272	622,356
Debt Service:				
Principal	297,785	-	-	297,785
Interest	104,261	-	-	104,261
Cost of Sales	-	-	125,077	125,077
Other Expenditures	-	-	-	-
Capital Outlay	-	634,133	-	634,133
Total Expenditures	<u>3,694,642</u>	<u>634,133</u>	<u>222,319</u>	<u>4,551,094</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>492,484</u>	<u>(634,133)</u>	<u>(81,980)</u>	<u>(223,628)</u>
OTHER FINANCING SOURCES AND USES				
Premium on Issuance of Bond Anticipation Note	-	-	-	-
Proceeds from Borrowing	-	39,904	-	39,904
Bond Anticipation Note Redeemed from Appropriations	-	-	-	-
Operating Transfers In	-	-	50,000	50,000
Operating Transfers (Out)	(50,000)	-	-	(50,000)
Payment to Refunded Bond Escrow Agent	-	-	-	-
Cost of Refunding Bond Issuance	-	-	-	-
Total Other Sources (Uses)	<u>(50,000)</u>	<u>39,904</u>	<u>50,000</u>	<u>39,904</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	442,484	(594,229)	(31,980)	(183,724)
Fund Balances - Beginning of Year, Restated	<u>2,470,026</u>	<u>800,555</u>	<u>(58,761)</u>	<u>3,211,820</u>
Fund Balances - End of Year	<u>\$ 2,912,510</u>	<u>\$ 206,326</u>	<u>\$ (90,741)</u>	<u>\$ 3,028,096</u>

Note: Totals may not add due to rounding.

ANDES CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Fund Balances (Deficit) - Total Governmental Funds \$ 3,028,095

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

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

Total Historical Cost	\$ 8,325,780	
Less Accumulated Depreciation	<u>(2,618,147)</u>	5,707,633

The School District's proportionate share of the Teacher and Employee Retirement Systems' collective net pension asset or (liability) is not reported in the funds.

TRS Net Pension Liability - Proportionate Share	\$ (222,907)	
ERS Net Pension Liability - Proportionate Share	<u>(730)</u>	(223,637)

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 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	\$ -	
ERS Deferred Outflows of Resources - Pension	-	
ERS Deferred Outflows of Resources - Contribution Post Measurement	15,737	
ERS Deferred Inflows of Resources - Pension	(41,043)	
TRS Deferred Outflows of Resources - Pension	533,455	
TRS Deferred Outflows of Resources - Contribution Post Measurement	106,178	
TRS Deferred Inflows of Resources - Pension	-	
Deferred Outflows of Resources - OPEB	2,036,873	
Deferred Inflows of Resources - OPEB	<u>(2,429,735)</u>	221,465

Long-term liabilities, including bonds payable, compensated absences, and amounts due for other post-employment employee benefits, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	\$ (4,169,904)	
Unamortized Bond Premium	(80,316)	
Energy Performance Contracts	-	
Installment Purchase Debt	-	
Long-Term Compensated Absences	(297,872)	
Other Post-Employment Benefits Liabilities	<u>(6,419,186)</u>	(10,967,278)

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

Accrued Interest on Long-Term Debt		<u>(4,054)</u>
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Net Position (Deficit) of Governmental Activities		<u>\$ (2,237,776)</u>
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See independent auditor's report and notes to the financial statements.

ANDES CENTRAL SCHOOL DISTRICT
RECONCILIATION OF NET CHANGE IN GOVERNMENTAL FUND
BALANCES TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION
JUNE 30, 2021

Total net changes in fund balances - governmental funds \$ (183,724)

Amounts reported for governmental *activities* in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays in the period.

	Depreciation Expense	\$ (182,578)	
	Loss on Disposition	(64,718)	
	Capital Outlays	<u>659,124</u>	411,828

In the Statement of Activities, certain operating expenses--compensated absences (vacations), special termination benefits (early retirement) and retirees' health insurance--are measured by the amounts *earned* during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually *paid*). (518,463)

Issuance of bond principal is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. (39,904)

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 297,785

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of accrued interest on bonds, leases, and contracts payable. 127

Current amortization of defeasance loss on refunding debt -

Current amortization of deferred premium earned on refunding of debt 5,737

(Increases) decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.

Teachers' Retirement System	(211,446)	
Employees' Retirement System	<u>18,329</u>	

Change in net position of governmental activities. \$ (219,731)

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

ANDES CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

	Private Purpose Trusts	Custodial
ASSETS		
Cash	\$ 90,213	\$ 45,688
Accounts Receivable	12	-
Due from Other Funds	-	-
Prepaid Expenditures	-	-
	\$ 90,225	\$ 45,688
LIABILITIES		
Due to Other Funds	\$ -	\$ -
Due to Other Governments	-	-
Other Custodial Activity	-	-
	-	-
Total Liabilities	-	-
NET POSITION		
Reserved for Scholarships/Extra Classroom	\$ 90,225	\$ 45,688

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	Private Purpose Trusts	Custodial
ADDITIONS:		
Contributions	\$ 14,341	\$ -
Sales	-	44,623
Interest	118	30
Total Additions	14,459	44,653
DEDUCTIONS:		
Other Custodial Activity	-	26,705
Scholarships and Awards	19,164	-
	19,164	26,705
Change in Net Position	(4,705)	17,948
Net Position - Beginning of Year	94,930	-
Prior Period Adjustment - See Note 9	-	27,740
Net Position - Beginning of Year, Restated	94,930	27,740
Net Position - End of Year	\$ 90,225	\$ 45,688

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying financial statements of the Andes Central School District (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standards-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity:

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

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units and GASB 61, The Financial Reporting Entity: Omnibus an Amendment of GASB No. 14 and No. 39* and GASB 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

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

The decision to include a potential component unit in the District’s reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of an entity included in the District’s reporting entity within its Custodial funds:

The Extraclassroom Activity Funds:

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions, and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District’s business office, located at 85 Delaware Avenue, Andes, New York.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Joint Venture:

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

A BOCES' budget is comprised of separate budgets for administrative, programs, 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, Section 1950(4)(b)(7).

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

During the year ended June 30, 2021, the Andes Central School District was billed \$593,098 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$121,540. Financial Statements for the BOCES are available from the BOCES administrative office.

C. Basis of Presentation:

I. District-Wide Statements:

The Statement of Net Position and the Statement of Activities and Changes in Net Position present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State Aid, intergovernmental revenues, and other exchange and nonexchange transactions.

See independent auditor's report.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities and Changes in Net Position presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to the particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

II. Fund Financial Statements:

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

The District reports the following major governmental funds:

a. General Fund:

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

b. Capital Projects Fund:

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

The District reports the following non-major funds:

a. Special Aid Funds:

These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

b. Cafeteria Fund:

This fund is to account for transactions of the District's lunch, breakfast and snack programs.

c. Debt Service Fund:

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

III. Fiduciary Funds:

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

There are two classes of fiduciary funds:

a. Private Purpose Trust Funds:

These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

b. Custodial Funds:

Custodial Funds are strictly custodial in nature and are not required to be reported in pension and other employee benefit trust funds, investments trust funds or private purpose trust fund.

D. Measurement Focus and Basis of Accounting:

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

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is 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 District gives or receives value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reporting using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year, except for real property taxes, which are considered available if they are collected within 60 days after the end of the fiscal year.

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

E. Refundable Advances:

Refundable Advances arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for refundable advances is removed and revenue is recognized.

F. Property Taxes:

- I. Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 21, 2020. Taxes were collected during the period of September 1 through October 31, 2020. Uncollected real property taxes are subsequently enforced by the County of Delaware, in which the District is located. An amount representing uncollected real property taxes transmitted to the county for enforcement is paid by the counties to the District no later than the forthcoming April 1.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

II. In June of 2011, New York State passed Chapter 97 of the Laws of 2011 (Tax Cap Law). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of real property taxes that may be levied by the District in a particular year, beginning with the 2012 fiscal year. The growth in annual levy is limited to the lesser of two percent or annual change in the national unadjusted Consumer Price Index for All Urban Consumers – All Items (CPI-U), subject to certain limited exceptions and adjustments.

G. Restricted Resources:

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

H. Deferred Outflows and Inflows of Resources:

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that may qualify for reporting in this category.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

The first arises only under a modified accrual basis of accounting and is reported as unavailable revenue. The second item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

I. Cash and Cash Equivalents and Investments:

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

The District investment policies are governed by State statutes. District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and School Districts. Investments are stated at fair value. Certificates of deposit are classified as investments in these financial statements.

J. Accounts Receivable:

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

K. Inventories:

Inventories of food and supplies in the school lunch fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market.

Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase.

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

L. Interfund Transfers:

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

In the District-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

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

Refer to Note 3 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

M. Equity Classifications:

I. District-Wide Statements:

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

- a. Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.
- b. Restricted net position - reports net position when constraints placed on the assets or deferred outflows are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or law or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

II. Fund Statements:

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

- a. Non-Spendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$5,137.
- b. Restricted includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General fund are classified as restricted fund balance. The District has established the following restricted fund balances:

1. Employee Benefit Accrued Liability:

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

2. Insurance:

Insurance Reserve is 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 not a 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.

3. Property Loss Reserve and Liability Claims:

Property Loss Reserve and Liability Reserve (Education Law §1709(8)(c)) is used to pay for property loss and liability claims incurred.

See independent auditor's report.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000.

4. Repairs:

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

5. Retirement Contributions:

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

6. Unemployment Insurance:

This reserve fund is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for the payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year’s budget.

7. Debt Service:

Used to account for the unspent proceeds of debt restricted for debt service.

Restricted fund balance includes the following:

General Fund	
Employee Benefit Accrued Liability	\$ 283,575
Insurance	130,081
Liability	130,081
Property Loss and Liability Claims	103,009
Repairs	2,806
Retirement Contributions - ERS	327,031
Retirement Contributions - TRS	119,843
Unemployment Insurance	<u>52,805</u>
Total General Fund	1,149,231
Debt Service Fund	<u>4,420</u>
Total Restricted Funds	<u>\$ 1,153,651</u>

- c. Committed includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision making authority; i.e.; the Board of Education. The District has no committed fund balances as of June 30, 2021.
- d. Assigned includes amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$3,471. Also included as assigned fund balance in the General Fund is the amount appropriated for the reduction of next year’s tax levy in the amount of \$199,119.

Fund Balances in the Capital Fund that are not otherwise restricted are also classified as assigned.

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriates, is employed as a control in preventing over-expenditure of established appropriations.

See independent auditor’s report.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Purpose of Encumbrances:

General Fund	
General Support	\$ 578
Instruction	<u>2,893</u>
Total	<u>\$ 3,471</u>

- e. Unassigned includes all other General Fund net position that do not meet the definition of the above four classifications and are deemed to be available for general use by the District. Also includes deficit fund balances in other governmental funds.

NYS Real Property Tax Law 1318 restricts the unreserved, undesignated fund balance of the General Fund to an amount not greater than 4% of the District's budget for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. The District exceeded this limit.

III. Order of Use of Fund Balance:

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

N. Capital Assets:

Capital assets are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Donated assets are reported at estimated fair market value at the time received.

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

See independent auditor's report.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

	Capitalization	Depreciation	Estimated
	Threshold	Method	Useful Life in
			Years
Buildings	\$5,000	Straight-Line	30
Building Improvements	\$5,000	Straight-Line	30
Site Improvements	\$5,000	Straight-Line	20
Furniture and Equipment	\$5,000	Straight-Line	5-15
Vehicles	\$5,000	Straight-Line	8

O. Short-Term Debt:

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

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

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of the bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

The 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 fiscal year following 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.

P. Accrued Liabilities and Long-Term Obligations:

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

See independent auditor's report.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

Q. Explanation of Certain Differences Between Governmental Fund Statements and District-Wide Statements:

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

a. Total fund balances of Governmental Activities vs. Net Position of Governmental Activities:

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of four broad categories. The categories are as follows:

I. Long-Term Revenue and Expense Differences:

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

II. Capital Related Differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported in governmental fund statements and the gain or loss on

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

the sale of assets as reported in the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

III. Long-Term Debt Transaction Differences:

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

IV. Pension Differences:

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

IV. OPEB Differences:

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

R. Use of Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, other post-employment benefits, potential contingent liabilities, and the lives of long-term assets.

S. Vested Benefits:

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

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

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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

Consistent with GASB Statement 16 *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the funds 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.

T. Other Benefits:

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

In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors in accordance with various employment contracts. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District and have completed 15 years of continuous service. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. Some costs of providing post-retirement benefits are shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund, in the year paid.

U. Unearned Revenue:

Unearned revenues are reported when potential revenues do not meet both the measureable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by the 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 both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such

See independent auditor's report.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

amounts are recognized as revenue in the subsequent fiscal year, rather than when measureable and available.

V. New Accounting Standards:

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

-- The GASB has issued Statement No. 84, *Fiduciary Activities*, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

-- The GASB has issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, which improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

W. Future Changes in Accounting Standards:

-- The GASB has issued Statement No. 87, *Leases*, which will better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

-- The GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

-- The GASB has issued Statement No. 91, *Conduit Debt Obligations*, which provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

-- The GASB has issued Statement No. 92, *Omnibus 2020*, which enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021. The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021. Earlier application is encouraged and is permitted by topic.

-- The GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates*, which provides exceptions to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

-- The GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will improve financial reporting by addressing issues related to public-private and public-public partnerships arrangements (PPPs). Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this statement are effective for reporting periods beginning after June 15, 2022. Earlier application encouraged.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

-- The GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. Earlier application encouraged.

-- The GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, which provides increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. Costs will be mitigated associated with the reporting of certain defined contribution pension plans. The relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement

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

NOTE 2 - CHANGES IN ACCOUNTING PRINCIPLE:

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. The New York State Office of the State Comptroller implementation bulletin of the statement provided guidance to District's regarding the identification of fiduciary activities, financial reporting and updating related account codes for governmental, fiduciary and proprietary funds.

See independent auditor's report.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 3 – DETAIL NOTES ON ALL FUNDS:

A. Assets:

I. Cash and Investments:

a. Deposits:

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

b. Restricted Cash and Investments:

General Fund:

Restricted cash of \$1,149,231 at June 30, 2021 consists of \$52,805 restricted for Unemployment Reserve, \$283,575 restricted for Employee Benefit Accrued Liability Reserve, \$327,031 restricted for Employee Retirement System Reserve, \$130,081 restricted for liability claims, \$130,081 restricted for insurance reserve, \$103,009 restricted for property loss, \$119,843 restricted for TRS, and \$2,806 restricted for repairs.

Debt Service:

Restricted cash is \$4,420 at June 30, 2021.

Special Miscellaneous Revenue Fund:

Restricted cash is \$90,213 for Scholarships at June 30, 2021.

Fiduciary:

Restricted cash and investments of \$45,688 at June 30, 2021, restricted for Extraclassroom Activity Funds.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 3 – DETAIL NOTES ON ALL FUNDS (CONTINUED):

II. Interfund Receivables and Payables:

Interfund receivable and payable balances at June 30, 2021 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 159,716	\$ 7,492	\$ -	\$ 50,000
Special Aid Fund	-	36,020	-	-
School Lunch	-	100,635	50,000	-
Debt Service Fund	-	-	-	-
Capital Projects Funds	-	15,581	-	-
Total Government Activities	159,716	159,728	50,000	50,000
Fiduciary Fund	12	-	-	-
Total	<u>\$ 159,728</u>	<u>\$ 159,728</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>

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

Additional loans will occur between funds to mitigate the effects of cash flow, such as in the Special Aid Fund where-in project advances generally do not keep pace with costs and the General Fund has to “loan” cash dollars to run the programs. In the case of the Capital Fund, loans will occur in advance of obtaining the final funding through bond proceeds. In the case of the Agency Fund, most if not all, fringe benefits are advances from the General Fund and result in the need to reflect a due from both the Special Aid Fund and the School Lunch Fund for the applicable payroll.

Other interfund payables are expected to be repaid within one year.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 3 – DETAIL NOTES ON ALL FUNDS (CONTINUED):

III. Capital Assets:

Capital asset balances for the year ended June 30, 2021 are as follows:

	Beginning Balance July 1, 2020	Additions	Retirements/ Deletions/ Reclassifications	Ending Balance June 30, 2021
Governmental Activities				
Capital Assets that are Not Depreciated:				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Construction in Process	3,483,500	572,222	-	4,055,722
Total Nondepreciable Historical Cost	<u>3,508,500</u>	<u>572,222</u>	<u>-</u>	<u>4,080,722</u>
Capital Assets that are Depreciated:				
Buildings	2,541,173	20,274	-	2,561,447
Furniture and Equipment	1,728,329	66,628	111,346	1,683,611
Total Depreciable Historical Cost	<u>4,269,502</u>	<u>86,902</u>	<u>111,346</u>	<u>4,245,058</u>
Less Accumulated Depreciation:				
Buildings	1,204,287	96,833	-	1,301,120
Furniture and Equipment	1,277,910	85,745	46,628	1,317,027
Total Accumulated Depreciation	<u>2,482,197</u>	<u>182,578</u>	<u>46,628</u>	<u>2,618,147</u>
Total Capital Assets, Net	<u>\$ 5,295,805</u>	<u>\$ 476,546</u>	<u>\$ 64,718</u>	<u>\$ 5,707,633</u>

Depreciation Expense was charged to governmental functions as follows:

General Support	\$ 6,957
Instruction	137,020
Transportation	38,601
	<u>\$ 182,578</u>

ANDES CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 3 – DETAIL NOTES ON ALL FUNDS (CONTINUED):

IV. Indebtedness:

a. Long-Term Debt:

Serial Bonds:

The District borrows money in order to acquire 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. These long-term liabilities are full faith and credit debt of the District. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Interest on long-term debt was comprised of:

Interest Paid	\$ 104,177
Less Interest Accrued in the Prior Year	(4,181)
Plus Interest Accrued in the Current Year	4,054
Plus Amortized Premium	<u>5,737</u>
Total Expense	<u>\$ 109,787</u>

b. Changes:

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

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Serial Bonds	\$ 4,427,785	\$ 39,904	\$ 297,785	\$ 4,169,904
Other Post-Employment Benefits	8,504,151	-	2,084,965	6,419,186
Compensated Absences	300,901	-	3,029	297,872
Total	<u>\$ 7,546,224</u>	<u>\$ 39,904</u>	<u>\$ 2,385,779</u>	<u>\$ 5,200,349</u>

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

The above liabilities are liquidated by the General Fund.

Deferred Premium earned on borrowing of Long Term obligations in 2019-2020 amounted to \$86,053 and has a total amortization of \$5,737 as of June 30, 2021 to net to \$80,316.

See independent auditor's report.

ANDES CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

NOTE 3 – DETAIL NOTES ON ALL FUNDS (CONTINUED):

c. Maturity:

The following is a summary of maturity of indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
School Construction	11/19/2009	6/15/2029	3.50%	\$ 640,000
Bus Bond	9/27/2018	6/15/2023	3.21%	20,000
Bus Bond	12/3/2020	6/15/2025	2.00%	39,904
Bus Bond	9/13/2017	6/15/2022	2.170%	5,000
Bus Bond	9/13/2019	6/15/2024	2.390%	25,000
School Reconstruction	6/24/2020	6/15/2035	1.72%	3,440,000
				<u>\$ 4,169,904</u>

The following is a summary of maturing debt service requirements for general obligation bonds and notes:

Year	Principal	Interest	Total
2022	\$ 319,904	\$ 98,877	\$ 418,781
2023	310,000	91,125	401,125
2024	315,000	83,243	398,243
2025	315,000	74,589	389,589
2026	305,000	66,513	371,513
2027-2031	1,495,000	232,562	1,727,562
2032-2036	1,110,000	33,800	1,143,800
Total	<u>\$4,169,904</u>	<u>\$ 680,709</u>	<u>\$ 4,850,613</u>

V. Constitutional Debt Limit:

The constitution of the State of New York limits the amount of indebtedness which may be issued by the District. Basically, the District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit does not exceed 10% of the full valuation of taxable real estate within the District. At June 30, 2021, the District has exhausted 10.89% of its constitutional debt limit.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 4 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A. Budgetary Procedures and Budgetary Accounting:

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

--General Fund

The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations will 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.

Supplemental appropriations occurred during the year and are detailed below:

<u>CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET</u>	
Adopted Budget	\$ 4,424,901
Prior Year's Encumbrances	14,337
Original Budget	<u>4,439,238</u>
Budget Revisions	
Gifts and Donations	-
Appropriated Fund Balance	<u>85,584</u>
	<u>85,584</u>
Final Budget	<u>\$ 4,524,822</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.

Special Revenue Funds have not been included in the comparison because they do not have legally authorized (appropriated) budgets.

Budgets are established and used for individual capital project fund expenditures as approved by a special referendum of the District's voters.

See independent auditor's report.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 4 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED):

The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the project.

B. Encumbrances:

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

C. Budget Basis of Accounting:

The District is not required to formally adopt annual budgets for its special revenue funds. Accordingly, although the school lunch fund does have a management approved budget and each special aid fund project follows an approved project budget, no statement of budget and actual revenues and expenditures is presented for the special revenue funds.

D. The District's unreserved undesignated General Fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's appropriation budget for the upcoming school year. The District exceeded this limit by \$1,380,928.

E. The School Lunch Fund had net deficit fund balances at June 30, 2021 caused by operating losses in the amounts of \$100,298, respectively. Management intends to closely monitor the activity herein to reverse the situation going forward.

NOTE 5 – COMMITMENTS AND CONTINGENCIES:

A. Risk Financing and Related Insurance:

I. General Information:

The Andes Central School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, injuries to employees; errors and omissions; and 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 two years.

See independent auditor's report.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 5 – COMMITMENTS AND CONTINGENCIES (CONTINUED):

B. Other Items:

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

C. Coronavirus:

The Coronavirus (COVID-19), first detected in China, has since spread worldwide and has been declared a pandemic by the World Health Organization (WHO). The health risks are not to be underestimated, but the economic affect to business, other organizations, and the general population may be in the billions of dollars (or more). Some of the possible economic effects and business disruption are as follows.

1. The District is considered an essential service and will continue to perform services.
2. The District instituted, trained on and follows the CDC and NYS DOH guidelines on the hygiene, cleaning, and disinfection of school building and materials. The District increased cleaning of facilities and reallocated some staff for cleaning purposes to reduce the spread of the virus.
3. The District has not laid off related to COVID-19.
4. The District has responded to the financial impact as follows.
 - a. The District has applied for Federal aid made available under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, to the Governor's Emergency Education Relief (GEER) Fund for fiscal year 2021 and to the Elementary and Secondary School Emergency Relief (ESSER) Fund. The District's application for the grants primarily requested funding to cover the cost of payroll.
5. The District's Superintendent, is closely watching NYSED's guidance and recommendations to keep staff, students, and the community safe.

The duration of the effects of the virus and its economic impact are not known at this time, however, the longer this health issue affects the District the more costly it may become.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 6 – PENSIONS:

A. General Information:

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

B. Plan Descriptions and Benefits Provided:

I. Teacher's Retirement System (TRS):

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

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 6 – PENSIONS (CONTINUED):

II. Employees' Retirement System (ERS):

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (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 District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System maintains records and accounts, and prepares financial statements using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. The System is included in the State's financial report as a pension trust fund. That report, including information with regards to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The Systems are noncontributory except for employees who joined after July 26, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 6 – PENSIONS (CONTINUED):

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

	ERS	TRS
2020-2021	\$ 48,236	\$ 121,273
2019-2020	\$ 40,691	\$ 143,626
2018-2019	\$ 38,725	\$ 136,299

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

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

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

	ERS	TRS
Actuarial Valuation Date	3/31/2021	6/30/2020
Net Pension Asset/(Liability)	\$ (726)	\$ (222,838)
District's Portion of the Plan's Total Net Pension Asset/(Liability)	0.0007288%	0.008060%

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 6 – PENSIONS (CONTINUED):

For the year ended June 30, 2021, the District's recognized pension expense (credits) of \$29,949 for ERS and \$305,887 for TRS. At June 30, 2021, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Expense	\$ 8,863	\$ 195,251	\$ -	\$ 11,420
Changes of Assumptions	133,432	281,839	2,517	100,461
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	145,533	208,462	-
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	32,869	33,501	5,226	10,789
District's Contributions Subsequent to the Measurement Date	15,737	106,178	-	-
Total	\$ 190,901	\$ 762,302	\$ 216,205	\$ 122,670

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended 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:

	ERS	TRS
Year Ended:		
2022	\$ (959)	\$ 92,676
2023	3,551	181,104
2024	(5,961)	146,950
2025	(37,674)	92,944
2026	-	8,672
Thereafter	-	11,109
Total	\$ (41,043)	\$ 533,455

D. Actuarial Assumptions:

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

See independent auditor's report.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 6 – PENSIONS (CONTINUED):

The actuarial valuations used the following assumptions:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2021	June 30, 2020
Actuarial Valuation Date	April 1, 2020	June 30, 2019
Interest Rate	5.90%	7.10%
Salary Scale	4.40%	4.72%-1.9%
Decerement Tables	April 1, 2010 - March 31, 2015	July 1, 2009 - June 30, 2014
	System's Experience	System's Experience
Inflation Rate	2.70%	2.20%

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System’s experience with adjustments for mortality improvements based on MP-2020. For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014 System’s experience with adjustments for mortality improvements based on Society of Actuaries Scale MP 2019.

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – July 30, 2014.

The long term rate of return on pension plan investments was determined using a building block method in which the 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 of the target asset allocation percentages and by adding expected inflation.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 6 – PENSIONS (CONTINUED):

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

Measurement Date	ERS	ERS	TRS	TRS
	March 31, 2021	March 31, 2021	June 30, 2020	June 30, 2020
Asset Type	Target Allocation	Long Term Expected Real Rate of Return	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	32%	4.05%	33%	7.10%
International Equity	15%	6.30%	16%	7.70%
Private Equity	10%	6.75%	8%	10.40%
Real Estate	9%	4.95%	11%	6.80%
Alternative Investments	3%	4.50%	4%	7.40%
Total Equities	69%		72%	
Domestic Fixed Income Securities	0%	0.00%	16%	1.80%
Global Fixed Income Securities	0%	0.00%	2%	3.60%
Real Assets	3%	5.95%	0%	0.00%
Bonds and Mortgages	23%	0.00%	7% - 1%	5.2% - 3.6%
Short-Term	1%	0.50%	1%	0.70%
Inflation-Indexed Bonds	4%	3.63%	1%	3.90%
Total Fixed Income	31%		28%	
Total	100%		100%	

E. Discount Rate:

The discount rate used to calculate the total pension liability was 5.9% for ERS and 7.10% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. was applied to all periods of projected benefit payments to determine the total pension liability.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 6 – PENSIONS (CONTINUED):

F. Sensitivity of the Proportionate Share of the Net Position to the Discount Rate Assumption:

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 5.90% for ERS and 7.10% for TRS, as well as what the District’s proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.9% for ERS and 6.10% for TRS) or 1-percentage point higher (6.9% for ERS and 8.10% for TRS) than the current rate:

	ERS		
	Current		
	1% Decrease (4.9%)	Assumption (5.9%)	1% Increase (6.9%)
Employer’s Proportionate Share of the Net Pension Asset (Liability)	\$ (201,425)	\$ (726)	\$ 184,366

	TRS		
	Current		
	1% Decrease (6.1%)	Assumption (7.1%)	1% Increase (8.1%)
Employer’s Proportionate Share of the Net Pension Asset (Liability)	\$ (1,407,594)	\$ (222,838)	\$ 771,472

G. Pension Plan Fiduciary Net Position:

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

	(Dollars in Thousands)	
	ERS	TRS
Valuation Date	4/1/2020	6/30/2019
Employers’ Total Pension Liability	\$ 220,680,157	\$ 123,242,776
Plan Net Position	220,580,583	120,479,505
Employers’ Net Pension Liability/(Asset)	\$ 99,574	\$ 2,763,271
Plan Net Position as a Percentage to the Systems’ Total Pension Liability/(Asset)	99.95%	97.76%

See independent auditor’s report.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 6 – PENSIONS (CONTINUED):

H. Payables to the Pension Plan:

For ERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$15,737. For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer’s contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$106,178.

NOTE 7 – POST-EMPLOYMENT BENEFITS:

A. General Information about the OPEB Plan:

Plan Description – The District’s defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement 75.

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

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

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	14
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	-
Active Employees	30
	<u>44</u>

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 7 – POST-EMPLOYMENT BENEFITS (CONTINUED):

B. Total OPEB Liability:

The District's total OPEB liability of \$6,419,186 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date. Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	10.47 - 3.20%, average, including inflation
Discount Rate	2.16%
Healthcare Cost Trend Rates	5.70% for 2020, decreasing per year to an ultimate rate of 4.04% by 2075

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

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

The actuarial assumptions used in the June 30, 2021 valuation were based on June 30, 2020 valuation projected to June 30, 2021 on a "no gain/loss" basis.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 7 – POST-EMPLOYMENT BENEFITS (CONTINUED):

C. Changes in the Total OPEB Liability:

Balance at June 30, 2020	\$ 8,504,151
Changes for the Year:	
Service Cost	457,412
Interest	196,892
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(1,577,789)
Changes in Assumptions or Other Inputs	(1,056,093)
Benefit Payments	<u>(105,387)</u>
Net Changes	<u>(2,084,965)</u>
Balance at June 30, 2021	<u>\$ 6,419,186</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21 percent in 2020 to 2.16 percent in 2021.

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

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	<u>\$ 8,386,315</u>	<u>\$ 6,419,186</u>	<u>\$ 5,687,145</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (1.16 percent) or 1 percentage point higher (3.16 percent) than the current healthcare cost trend rate:

	1% Decrease (2.16% Decreasing to 1.16%)	Healthcare Cost Trend Rate	1% Increase (2.16% Increasing to 3.16%)
Total OPEB Liability	<u>\$ 5,453,223</u>	<u>\$ 6,419,186</u>	<u>\$ 8,764,014</u>

See independent auditor’s report.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 7 – POST-EMPLOYMENT BENEFITS (CONTINUED):

D. OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended June 30, 2021, the District recognized OPEB Expense of \$626,806. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 57,936	\$ (1,427,430)
Changes of Assumptions or Other Inputs	1,978,937	(1,002,305)
Contributions Subsequent to the Measurement Period	-	-
Total	<u>\$ 2,036,873</u>	<u>\$ (2,429,735)</u>

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

Fiscal Year Ending June 30,	Amount
2022	\$ (27,498)
2023	(27,498)
2024	(27,498)
2025	(27,498)
2026	(283,007)
Thereafter	-
	<u>\$ (392,999)</u>

NOTE 8 – SUBSEQUENT EVENTS:

The District has evaluated subsequent events through October 21, 2021, which is the date these financial statements were issued. All subsequent events requiring recognition as of June 30, 2021, have been incorporated into these financial statements herein.

See independent auditor's report.

ANDES CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 9 – PRIOR PERIOD ADJUSTMENT CHANGE IN ACCOUNTING PRINCIPLE:

For fiscal year June 30, 2021, the District reclassified funds from the Trust and Agency Fund and moved them to the Custodial Fund as part of the adaptation of GASB Statement 84. The June 30, 2021 opening fund balance for the Custodial Fund, was restated by \$27,740.

For the fiscal year ended June 30, 2021, the District retired the Trust and Agency Fund. The transfer of funds requires a transfer of Fund Balance into the Custodial Fund, for funds meeting that criteria.

For fiscal year June 30, 2021, the District reversed an overstatement in accounts receivable in the General Fund in fiscal year 2021. The June 30, 2021 opening fund balance was overstated by \$73,826.

The District’s fund balance has been restated as follows:

	District-Wide Statements	General Fund	Custodial Fund
Net Position Beginning of Year, as Previously Stated	\$ (2,091,870)	\$ 2,543,852	\$ -
Overstatement of Accounts Recivable	(73,826)	(73,826)	
Replacement with Custodial Fund under GASB 84	-	-	27,740
Net Position Beginning of Year, as Restated	<u>\$ (2,165,696)</u>	<u>\$ 2,470,026</u>	<u>\$ 27,740</u>

SUPPLEMENTARY INFORMATION

ANDES CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP) BASIS AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
REVENUES				
Local Sources:				
Real Property Taxes	\$ 3,071,997	\$ 2,972,178	\$ 2,973,154	\$ 976
Other Tax Items	4,500	104,319	106,965	2,646
Non-Property Taxes	-	-	-	-
Charges for Services	-	-	400	400
Use of Money and Property	9,000	9,000	9,887	887
Sale of Property and Compensation for Loss	1,000	1,000	-	(1,000)
Miscellaneous	110,070	110,000	122,049	12,049
Interfund Revenues	-	-	-	-
Total Local Sources	3,196,567	3,196,497	3,212,454	15,957
State Sources	982,524	982,524	965,611	(16,913)
Federal Sources	45,310	45,310	9,061	(36,249)
Retirement System Credits	-	-	-	-
Total Revenues	4,224,401	4,224,331	4,187,126	(37,205)
OTHER FINANCING SOURCES				
Transfers from Other Funds	-	-	-	-
Appropriated Reserves	-	65,380	-	(65,380)
Designated Fund Balance and Encumbrances Carried Forward From Prior Year	200,500	235,111	-	(235,111)
Total Revenues and Other Financing Sources	\$ 4,424,901	\$ 4,524,822	\$ 4,187,126	\$ (337,696)

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

ANDES CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP) BASIS AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances
EXPENDITURES					
General Support:					
Board of Education	\$ 4,515	\$ 4,515	\$ 1,874	\$ 73	\$ 2,568
Central Administration	236,205	262,540	228,365	-	34,175
Finance	125,286	137,823	130,864	-	6,959
Staff	34,871	33,871	32,840	-	1,031
Central Services	328,982	353,823	317,543	505	35,774
Special Items	63,744	64,876	64,801	-	75
Total General Support	793,603	857,448	776,287	578	80,583
Instruction:					
Instruction, Administration and Improvement	125,437	127,923	118,735	-	9,188
Teaching - Regular School	1,010,874	1,020,856	949,572	157	71,126
Programs for Students with Disabilities	299,211	302,412	275,949	-	26,462
Occupational Education	36,831	36,831	36,831	-	-
Teaching - Special School	-	-	-	-	-
Instructional Media	180,998	192,251	171,792	2,736	17,723
Pupil Services	179,321	188,629	152,826	-	35,803
Total Instruction	1,832,672	1,868,902	1,705,706	2,893	160,303
Pupil Transportation	275,253	289,831	193,519	-	96,312
Community Services	-	-	-	-	-
Employee Benefits	1,036,463	1,021,731	617,084	-	404,647
Debt Service:					
Principal	219,992	299,992	297,785	-	2,207
Interest	216,918	136,918	104,261	-	32,657
Total Debt Service	436,910	436,910	402,046	-	34,864
Total Expenditures	4,374,901	4,474,821	3,694,642	3,471	776,708
OTHER USES					
Operating Transfers Out	50,000	50,000	50,000	-	-
Total Expenditures and Other Uses	\$ 4,424,901	\$ 4,524,821	3,744,642	\$ 3,471	\$ 776,708
Net Change in Fund Balances			442,484		
Fund Balance - Beginning			2,470,026		
Fund Balance - Ending			\$ 2,912,510		

See independent auditor's report and notes to the financial statements.

ANDES CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS
 FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB liability	\$ 457,412	\$ 306,294	\$ 179,245	\$ 186,430	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Service Cost	196,892	232,207	193,590	173,162	-	-	-	-	-	-
Interest	(1,577,789)	(168,908)	92,700	(244,596)	-	-	-	-	-	-
Changes of Benefit Terms	(1,056,093)	1,885,487	1,155,116	(110,007)	-	-	-	-	-	-
Difference Between Expected and Actual Experience	(105,387)	(119,453)	(149,054)	-	-	-	-	-	-	-
Changes of Assumption or Other Inputs	(2,084,965)	2,135,647	1,471,597	4,989	-	-	-	-	-	-
Benefit Payments	8,504,151	6,368,504	4,896,907	4,891,918	-	-	-	-	-	-
Net Change in Total OPEB Liability	\$ 6,419,186	\$ 8,504,151	\$ 6,368,504	\$ 4,896,907	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total OPEB Liability - Beginning	1,484,877	1,982,916	1,374,886	1,567,421	-	-	-	-	-	-
Total OPEB Liability as a Percentage of Covered-Employee Payroll	432.30%	428.87%	463.20%	312.42%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule:

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 used in each period:

2021	2.16%
2020	2.21%
2019	3.51%
2018	3.87%

*Mortality rates were updated to Pub-2010 Teachers and General Employees Headcount-Weighted table projected fully generationally using MP-2018. This change caused an increase in liabilities.

*Termination and retirement rates have been updated based NYS ERS assumptions first adopted on April 1, 2015 and NYS TRS assumptions first adopted on June 30, 2015. Sample rates are shown in Appendix A. The net impact of this change is an increase in liabilities.

*Health care trend rates have been updated as follows: a. Medical trend rates have been updated to 2018 Getzen model with initial trend rate of 5.50% decreasing gradually to an ultimate rate of 3.84% in 2075. b. Part B reimbursement trend rates have been updated to an initial rate of 1.12% increasing to an ultimate rate of 3.84% in 2075.

*Actual spousal health coverage election is used for existing retirees instead of assuming that 50% of male and 50% of female retirees elected health coverage for their spouses. Actual spouse birth dates are used to the extent that are available. This change caused a decrease in liabilities.

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

In accordance with New York State Law, the District's Defined Benefit OPEB Plan is not administered through a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75. Accordingly, the District does not have net assets accumulated in a trust.

ANDES CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
 FOR THE NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM AND
 FOR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30, 2021

LAST 10 FISCAL YEARS*

FOR THE NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM

Measurement Year	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
The District's proportion of the net pension liability (asset)	0.0007288%	0.0007806%	0.0007064%	0.0006750%	0.0007254%	0.0009351%	0.0063646%	-	-	-
The District's proportionate share of the net pension liability (asset)	\$ 726	\$ 206,714	\$ 50,048	\$ 21,785	\$ 68,160	\$ 150,088	\$ 27,829	-	-	-
The District's covered employee payroll	\$ 538,684	\$ 313,904	\$ 317,762	\$ 297,457	\$ 304,699	\$ 367,803	\$ 405,090	-	-	-
The District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.13%	65.85%	15.75%	7.32%	22.37%	40.81%	6.87%	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	-	-	-

* The amounts presented for each fiscal year were determined as of 3/31

FOR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM

Measurement Year	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
The District's proportion of the net pension liability (asset)	0.008060%	0.008102%	0.008538%	0.008579%	0.008581%	0.008907%	0.065243%	-	-	-
The District's proportionate share of the net pension liability (asset)	\$ 222,838	\$ (210,499)	\$ (154,397)	\$ (65,210)	\$ 91,903	\$ (925,137)	(897,104)	-	-	-
The District's covered employee payroll	\$ 1,502,042	\$ 591,454	\$ 663,514	\$ 671,062	\$ 1,260,736	\$ 1,489,755	1,491,695	-	-	-
The District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	14.84%	-35.59%	-23.27%	-9.72%	7.29%	-62.10%	-60.14%	-	-	-
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%	-	-	-

* The amounts presented for each fiscal year were determined as of 6/30

ANDES CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S CONTRIBUTIONS
FOR THE NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM AND
FOR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2021

LAST 10 FISCAL YEARS

FOR THE NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM

Measurement Year	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 48,236	\$ 40,691	\$ 38,725	\$ 46,455	\$ 45,198	\$ 60,494	58,354	-	-	-
Contributions in relation to the contractually required contribution	\$ 48,236	\$ 40,691	\$ 38,725	\$ 46,455	\$ 45,198	\$ 60,494	58,354	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
The District's covered employee payroll	\$ 538,684	\$ 313,904	\$ 317,762	\$ 297,457	\$ 304,699	\$ 367,803	405,090	-	-	-
Contributions as a percentage of a covered Employee Payroll	8.95%	12.96%	12.19%	15.62%	14.83%	16.45%	14.41%	-	-	-

FOR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM

Measurement Year	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 121,273	\$ 143,626	\$ 136,299	\$ 159,334	\$ 175,574	\$ 234,539	193,313	-	-	-
Contributions in relation to the contractually required contribution	\$ 121,273	\$ 143,626	\$ 136,299	\$ 159,334	\$ 175,574	\$ 234,539	193,313	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
The District's covered employee payroll	\$ 1,502,042	\$ 591,454	\$ 663,514	\$ 671,062	\$ 1,260,736	\$ 1,489,755	1,491,695	-	-	-
Contributions as a percentage of a covered employee payroll	8.07%	24.28%	20.54%	23.74%	13.93%	15.74%	12.96%	-	-	-

ANDES CENTRAL SCHOOL DISTRICT
 SUPPLEMENTAL INFORMATION
 SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
 AND SECTION 1318 REAL PROPERTY TAX LAW LIMIT CALCULATION
 FOR THE YEAR ENDED JUNE 30, 2021

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 4,424,901
Add: Prior Year's Encumbrances	<u>14,337</u>
Original Budget	4,439,238
Budget Revisions:	
Gifts & Donations	-
Additional Appropriated Fund Balance	<u>85,584</u>
	<u>85,584</u>
Final Budget	<u>\$ 4,524,822</u>
Next Year's Budget is a (Voter-Approved) Budget of	<u>\$ 4,494,028</u>

SECTION 1318 REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-2022 Expenditure Budget Maximum Allowed	\$ <u>4,494,028</u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	
Committed Fund Balance	\$ -
Assigned Fund Balance	202,590
Unassigned Fund Balance	<u>1,560,688</u>
Total Unrestricted Fund Balance	<u>1,763,279</u>
Less:	
Appropriated Fund Balance 21-22 Budget	199,119
Encumbrances Included in Committed and Assigned Fund Balance	<u>3,471</u>
Total Adjustments	<u>202,590</u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 1,560,689</u>
Actual Percentage	34.73%

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

ANDES CENTRAL SCHOOL DISTRICT
 SUPPLEMENTAL INFORMATION
 SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED JUNE 30, 2021

PROJECT TITLE	Original Appropriation	Revised Appropriation	Prior Years	Expenditures		Unexpended Balance	Methods of Financing		Fund Balance June 30, 2021
				Current Year	Total		Serial Bonds	Local Sources	
Bus Purchase	\$ 39,904	\$ 39,904	\$ -	\$ 39,904	\$ 39,904	\$ -	\$ 39,904	\$ -	\$ -
School Roof	5,265	4,119,868	3,461,493	594,229	4,055,722	64,146	3,636,000	626,048	206,326
Totals	\$ 45,169	\$ 4,159,772	\$ 3,461,493	\$ 634,133	\$ 4,095,626	\$ 64,146	\$ 3,675,904	\$ 626,048	\$ 206,326

Note: Totals may not add due to rounding.

ANDES CENTRAL SCHOOL DISTRICT
 SUPPLEMENTAL INFORMATION
 SCHEDULE OF COMBINED BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

Supplemental Schedule #7

	Special Aid	School Lunch	Debt Service	Total Non-Major
ASSETS				
Cash:				
Unrestricted	\$ 11,218	\$ 1,660	\$ 4,422	\$ 17,300
Restricted	-	-	-	-
Investments:				
Unrestricted	-	-	-	-
Restricted	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Due from Other Funds	-	-	-	-
State and Federal Aid	28,364	138	-	28,502
Due from Other Governments	-	-	-	-
Other	-	-	-	-
Inventories	-	5,137	-	5,137
Deferred Expenditures	-	-	-	-
Capital Assets, Net	-	-	-	-
Total Assets	\$ 39,582	\$ 6,935	\$ 4,422	\$ 50,938
LIABILITIES				
Payables:				
Accounts Payable	\$ 100	\$ 1,344	\$ -	\$ 1,444
Accrued Liabilities	1,463	-	-	1,463
Due to Other Funds	36,020	100,635	-	136,655
Due to Other Governments	-	117	-	117
Retainage Payable	-	-	-	-
Bond Interest and Matured Bonds	-	-	-	-
Notes Payable:				
Tax Anticipation	-	-	-	-
Revenue Anticipation	-	-	-	-
Bond Anticipation	-	-	-	-
Deferred Credits:				
Overpayments and Collections in Advance	-	-	-	-
Deferred Revenues	-	-	-	-
Planned Balance	-	-	-	-
Long-Term Liabilities:				
Due to Teachers' Retirement System	-	-	-	-
Due to Employees' Retirement System	-	-	-	-
Compensated Absences Payable	-	-	-	-
Other Post-Employment Benefits Payable	-	-	-	-
Judgments & Claims Payable	-	-	-	-
Other Liabilities	-	-	-	-
Total Liabilities	37,582	102,096	-	139,679
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenues	2,000	-	-	2,000
Planned Balance	-	-	-	-
Total Deferred Inflows of Resources	2,000	-	-	2,000
FUND BALANCES				
Non Spendable	-	5,137	-	5,137
Reserved (Specify)	-	-	4,422	4,422
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	(100,298)	-	(100,298)
Total Fund Balances	-	(95,162)	4,422	(90,740)
Total Liabilities and Fund Balances	\$ 39,582	\$ 6,935	\$ 4,422	\$ 50,938

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

ANDES CENTRAL SCHOOL DISTRICT
SUPPLEMENTAL INFORMATION
SCHEDULE OF COMBINED REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Aid	School Lunch	Debt Service	Total Non-Major
REVENUES				
Real Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Tax Items	-	-	-	-
Nonproperty Taxes	-	-	-	-
Charges for Services	-	-	-	-
Use of Money and Property	-	-	2	2
Sale of Property and Compensation for Loss	-	-	-	-
Miscellaneous	-	2,073	-	2,073
Interfund Revenue	-	-	-	-
State Sources	30,659	1,309	-	31,968
Medicaid Reimbursement	-	-	-	-
Federal Sources	66,583	28,735	-	95,318
Surplus Food	-	2,110	-	2,110
Sales - School Lunch	-	8,867	-	8,867
Total Revenues	<u>97,242</u>	<u>43,095</u>	<u>2</u>	<u>140,339</u>
EXPENDITURES				
General Support	-	-	-	-
Instruction	91,970	-	-	91,970
Pupil Transportation	-	-	-	-
Community Service	-	-	-	-
Employee Benefits	5,272	-	-	5,272
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Cost of Sales	-	125,077	-	125,077
Other Expenditures	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>97,242</u>	<u>125,077</u>	<u>-</u>	<u>222,319</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(81,982)</u>	<u>2</u>	<u>(81,980)</u>
OTHER FINANCING SOURCES AND USES				
Premium on Issuance of Bond Anticipation Note	-	-	-	-
Proceeds from Debt	-	-	-	-
Bond Anticipation Note Redeemed from Appropriations	-	-	-	-
Operating Transfers In	-	50,000	-	50,000
Operating Transfers (Out)	-	-	-	-
Payment of Refunded Bond Escrow Agent	-	-	-	-
Cost of Refunding Bond Issuance	-	-	-	-
Total Other Sources (Uses)	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>-</u>	<u>(31,982)</u>	<u>2</u>	<u>(31,980)</u>
Fund Balances - Beginning of Year	<u>-</u>	<u>(63,180)</u>	<u>4,419</u>	<u>(58,761)</u>
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ (95,162)</u>	<u>\$ 4,421</u>	<u>\$ (90,741)</u>

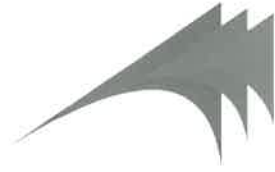
Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

ANDES CENTRAL SCHOOL DISTRICT
 SUPPLEMENTAL INFORMATION
 SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
 FOR THE YEAR ENDED JUNE 30, 2021

Capital Assets, Net		\$	5,707,633
Deduct:			
Short-Term Portion of Bonds Payable	\$		297,785
Long-Term Portion of Bonds Payable			3,872,119
Net Bond Premium			<u>80,316</u>
Total Deductions			<u>4,250,220</u>
Investment in Capital Assets, Net of Related Debt		\$	<u>1,457,413</u>

Note: Totals may not add due to rounding.



Sickler, Torchia
Allen & Churchill, CPA's, PC
Your Partner When It Counts

Robert J. Allen, CPA
Victor V. Churchill, CPA
Edward J. Gower II, CPA
Joseph J. Montalto, CPA
Craig R. Sickler, CPA
Michael A. Torchia, Jr., CPA, CVA

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

To the Board of Education
Andes Central School District
Andes, 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, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Andes Central School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Andes Central School District's basic financial statements, and have issued our report thereon dated October 21, 2021.

Internal Control Over Financial Reporting:

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

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

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

ANDES CENTRAL SCHOOL DISTRICT

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

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether Andes Central 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report:

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

Seibler, Torchia, Allen + Churchill, CPAs, P.C.

Hudson, New York
October 21, 2021