

HAMMONDSPORT CENTRAL SCHOOL DISTRICT
AUDIT REPORTING PACKAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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2020 REPORTING PACKAGE

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HAMMONDSPORT CENTRAL SCHOOL DISTRICT

***FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION***

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

***WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS***

HAMMONDSPORT CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

**To the President and Members of
The Board of Education
Hammondspport Central School District
Hammondspport, New York**

We have audited the accompanying financial statements of the governmental activities and each major fund of *Hammondspport Central School District* as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the *Hammondspport Central School District's* basic financial statements as listed in the accompanying table of contents. We have also audited the fiduciary fund types of the *Hammondspport Central School District* as of June 30, 2020, as displayed in the District's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Report on Summarized Comparative Information

We have previously audited the *Hammondspport Central School District's* June 30, 2019 financial statements, and our report dated September 18, 2019, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 through 9), budgetary comparison information (pages 37 through 38), schedule of changes in the District's net OPEB liability and related ratios (page 44), schedule of District contributions – OPEB (page 45), the schedule of the District's contributions for defined benefit pension plans (page 46), and schedule of the District's share of the net pension asset/liability (page 47), 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 **Hammondspport Central School District's** basic financial statements. The combining and individual fund financial statements and other schedules (pages 39 through 43) 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 combining and individual fund financial statements and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2020 on our consideration of **Hammondspport Central School District's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 **Hammondspport Central School District's** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 16, 2020**

I. Discussion and Analysis

The following is a discussion and analysis of the *Hammondspport Central School District's* financial performance for the year ended June 30, 2020. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which follows this section.

II. Financial Highlights

The following items are the financial highlights experienced by the *Hammondspport Central School District* during the fiscal year ended June 30, 2020:

- Overall net position from operations of the District decreased during the current year in the amount of \$687,000 as compared to an increase of \$844,000 during the prior fiscal year.
- The District's total revenue increased approximately 2% from \$14,507,000 during the year ended June 30, 2019 to \$14,732,000 during the year ended June 30, 2020. This increase was primarily related to an increase in state aid and real property taxes.
- The District's total expenses increased approximately 13% from \$13,663,000 during the year ended June 30, 2019 to \$15,419,000 during the year ended June 30, 2020. This increase was primarily related to an increase in other post-employment benefits (OPEB) expense and pension expense related to actuarial updates of the Teacher's and Employees' Retirement Systems (TRS and ERS), along with salary increases. These increases were partially offset by a decrease in BOCES services.
- The District's had capital additions during the current year in the amount of \$6,373,000, which primarily related to the capital improvement project, energy performance contract, capital outlay project and transportation vehicle purchases.

III. Overview of the Financial Statements

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

**III. Overview of the Financial Statements
(continued)**

A. Reporting the School District as a Whole (District-wide Financial Statements):

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. Activities that are fiduciary in nature are not included in these statements.

1. Statement of Net Position

The Statement of Net Position (page 10) shows the "assets" (what is owned), "liabilities" (what is owed) and the "net position" (the resources that would remain if all obligations were settled) of the District. The Statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.

2. Statement of Activities

The Statement of Activities (page 11) shows the amounts of program-specific and general District revenue used to support the District's various functions.

The Statement of Net Position and Statement of Activities divide the activities of the District into two categories: governmental activities (the school functions, including general support, instruction, transportation, administration, etc.; property taxes, state and federal revenue usually support most of these functions) and proprietary activities. The District only had governmental activities during the current fiscal year.

The two district-wide statements report the School District's net position and how they have changed. Net position – the difference between the District's assets and liabilities – 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 non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

**III. Overview of the Financial Statements
(continued)**

B. Reporting the District's Most Significant Funds (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. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the District's operations, and the existence of legal budget requirements. Internal Service funds are never reported as major funds, but are combined and presented in a separate column.

The District has two kinds of funds:

1. Governmental Funds

Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently the governmental funds

**III. Overview of the Financial Statements
(continued)**

B. Reporting the District's Most Significant Funds (Fund Financial Statements) (continued):

1. Governmental Funds (continued)

statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

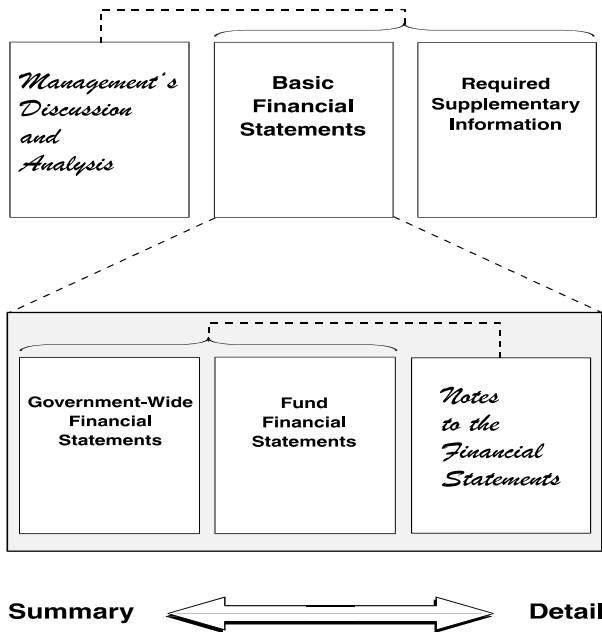
2. Fiduciary Funds

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 financial statements because it cannot use these assets to finance its operations.

Figure A-1 - Major Features of the District-Wide Statements 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 activities monies
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenue, 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/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, all assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-2 - Required Components of the District's Annual Financial Report



IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was a deficit of approximately \$3,212,000. The components of net position include: invested in capital assets, net of related debt, of \$10,168,000; restricted net position of \$2,519,000; and unrestricted net position deficit of \$15,899,000 as of June 30, 2020.

Changes in Net Position

The District's total government-wide revenue increased by approximately 2% to \$14,732,000. Approximately 60%, 4% and 32% of total revenue is derived from the property taxes, operating grants, and state aid, respectively. The remaining 4% comes from federal aid, use of money and property, miscellaneous, charges for services and other operating grants and contributions.

IV. Financial Analysis of the School District as a Whole (continued)

Changes in Net Position (continued)

The total cost of all programs and services of the District increased 13% to \$15,419,000. The District's expenses cover a range of services, with 75% related to instruction and 14% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

Governmental Activities

Revenue of the District's governmental activities increased approximately 2%, while total expenses increased 13%. The District's total net position from operations decreased approximately \$687,000 during the fiscal year ended June 30, 2020.

Figure A-5 presents the major sources of revenue of the District. Revenue of the District totaled \$14,732,000 for the fiscal year ended June 30, 2020. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue, which represents approximately 60% of the District's total revenue for governmental activities, increased approximately \$166,000 or 2% during the year ended June 30, 2020. The increase primarily resulted from an increase in the District's tax levy during the year ended June 30, 2020.
- The District's state sources which represent \$4,753,000 or 32% of total governmental revenue. The District's state sources increased approximately 3% which was primarily related to increases in state aid from non-resident homeless.
- During the year ended June 30, 2020, the District saw a decrease in program revenue of \$34,000 which mostly resulted from a decrease related to bullet aid and summer program aid. In addition, the District served fewer meals in the food service program during the pandemic, resulting in less revenue.

IV. Financial Analysis of the School District as a Whole (continued)

Expenses

Figure A-8 presents the cost of each of the District's five largest expenditure-types, which include; general support, instruction, transportation, and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were \$15,419,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support increased by approximately 26% or \$461,000 which was primarily related to an increase in OPEB and pension expense related to actuarial updates and an increase in contractual expenses.
- The District's instruction costs increased by approximately \$1,244,000 or 12% which was the result of an increase OPEB and pension expense related to actuarial updates, along with an increase in salaries, which was partially offset by a decrease in BOCES expenses.
- Debt service of the District increased approximately \$6,000 during the year ended June 30, 2020 due to an increase in interest expense.
- Transportation costs of the District increased 9% or \$80,000 during the year ended June 30, 2020. This increase was related to increases in OPEB and pension expense related to actuarial updates, as well as an increase in depreciation expense.
- The District's cost of sales (food service fund) totaled \$289,000 during the current year as compared to \$324,000 during the fiscal year ended June 30, 2019. This decrease is mostly due to a decrease in equipment purchases and food purchases. The District served fewer meals during the Pandemic.
- The District received approximately \$762,000 of operating grants and charges for services from its state and federal grants and tuition and transportation aid which subsidized certain programs of the District.
- Most of the District's net costs (\$14.7 million) were financed by state aid and real property taxes.

Figure A-3 – Condensed Statement of Net Position

*Hammondsport Central School District
Condensed Statement of Net Position (in thousands of dollars)*

	Governmental Activities and Total District-wide		
	2020	2019	% Change
Assets			
Current and other assets	\$ 10,839	\$ 8,084	34%
Capital assets	20,649	15,086	37%
Total assets	31,488	23,170	36%
Deferred outflows of resources			
Deferred outflows related to bond refunding	73	146	-50%
Deferred outflows related to pensions and OPEB	3,569	3,400	5%
Total deferred outflows of resources	3,642	3,546	3%
Total deferred outflows of resources and assets	\$ 35,130	\$ 26,716	31%
Liabilities			
Other liabilities	\$ 1,610	\$ 897	80%
Long-term liabilities	34,146	26,483	29%
Total liabilities	35,756	27,380	31%
Deferred inflows of resources			
Deferred inflows related to pensions and OPEB	2,586	1,860	39%
Total deferred inflows of resources and liabilities	38,342	29,240	31%
Net position			
Net investment in capital assets	10,168	8,994	13%
Restricted	2,519	2,859	-12%
Unrestricted (deficit)	(15,899)	(14,377)	11%
Total net position (deficit)	(3,212)	(2,524)	27%
Total liabilities, deferred inflows of resources, and net position	\$ 35,130	\$ 26,716	31%

Figure A-4 – Changes in Net Position

*Hammondsport Central School District
Changes in Net Position from Operating Results (in thousands of Dollars)*

	Governmental Activities and Total District-wide		
	2020	2019	% Change
Revenue			
Program revenue			
Charges for services	\$ 150	\$ 133	13%
Operating grants and contributions	612	663	-8%
General revenue			
Real property taxes	8,841	8,675	2%
Use of money & property	99	73	36%
Sale of property & comp for loss	(13)	(2)	468%
State sources	4,753	4,620	3%
Federal sources	76	83	-9%
Miscellaneous	214	262	-18%
Total revenue	14,732	14,507	2%
Expenses			
General support	2,230	1,769	26%
Instruction	11,592	10,348	12%
Transportation	1,014	934	9%
Debt service - interest	294	288	2%
Cost of sales	289	324	-11%
Total expenses	15,419	13,663	13%
Change in net position	\$ (687)	\$ 844	

Figure A-5 Revenues

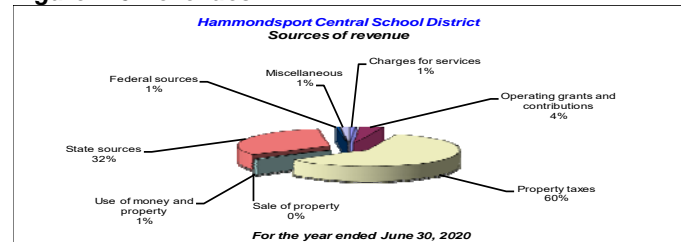


Figure A-6 Expenses

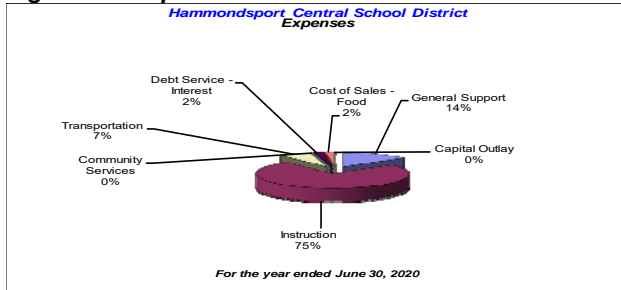


Figure A-7 – Expenditures Supported with Program Revenue

	Governmental Activities & Total District			
	2020		2019	
Expenditures supported with general revenue (from taxes & other sources)	\$ 14,657	95%	\$ 12,867	94%
Expenditures supported with program revenue	762	5%	796	6%
Total expenditures related to governmental activities	\$ 15,419	100%	\$ 13,663	100%

Figure A-8 – Net Cost of Governmental Activities

	Total cost of services			Net cost of services		
	2020	2019	Change	2020	2019	Change
General support	\$ 2,230	\$ 1,769	\$ 461	\$ 2,230	\$ 1,769	\$ 461
Instruction	11,592	10,348	1,244	11,118	9,858	1,260
Transportation	1,014	934	80	998	913	85
Debt service - interest	294	288	6	294	288	6
Cost of sales - food	289	324	(35)	17	39	(22)
Total	\$ 15,419	\$ 13,663	\$ 1,756	\$ 14,657	\$ 12,867	\$ 1,790

V. Financial Analysis of the School District's Funds

It is important to note that variances between years for the governmental fund financial statements (Balance Sheets and Statement of Revenue, Expenditures and Changes in Fund Equity) are not the same as variances between years for the District-wide financial statements (Statement of Net Position and Statement of Activities). The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting, while the statement of net position is presented on the full accrual method of accounting. Therefore, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the

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

current payments for capital assets, and the current payments for debt. Below is a description of the most significant changes to the fund financial statements from that reported in the previous year.

General Fund

- The District's general fund revenue and other uses exceeded its expenditures and other sources by approximately \$317,000.
- The District's general fund unassigned fund balance equated to approximately \$2,385,000 as of June 30, 2020.
- The District had many fund balance reserves during the year ended June 30, 2020, and had a total restricted fund balance of approximately \$2,172,000.
- The District's total assets increased approximately \$171,000 as of June 30, 2020 primarily as the result of an increase in receivables and amounts due from other funds. The District's liabilities decreased approximately \$146,000, as a result of a decrease in accounts payable and due to TRS liability.
- Total revenue in the District's general fund increased \$301,000, which was primarily related to an increase in property taxes and state aid. Total expenditures in the District's general fund increased \$488,000 primarily as a result of increases in salaries, equipment purchases contractual costs and interfund transfers to the capital project fund partially offset by a decrease in BOCES services.

Food Service Fund

- The District's food service fund experienced a \$17,000 decrease in fund equity during the current fiscal year.
- Revenue in the District's food service fund was \$272,000 during 2020 as compared with \$284,000 in 2019. Expenditures decreased approximately \$35,000 as a result of a decrease in equipment and food purchases. During the current year, the District served fewer meals during the Pandemic resulting in less revenue and expenditures.

Special Aid Fund

- The District's special aid fund revenue and expenditures decreased approximately \$55,000 or 13% which was primarily due to a bullet aid grant in the prior year that was not received in the current year and a decrease in summer program.

Capital Projects Fund

- The District had expenditures in the amount of \$5,404,000 in capital projects during the year ended June 30, 2020, which was related to costs associated with the 2017 capital project, energy performance contract, capital outlay project and the vehicle purchases.

VI. General Fund Budgetary Highlight

Over the course of the year, the District makes many budget transfers, which is the common method utilized to manage the budget throughout the year. Actual expenditures were approximately \$2,126,000 below the revised budget. The most significant positive variances was in the areas of employee benefits and instruction which totaled \$651,000 and \$1,056,000, respectively, below that budgeted. On the other hand, resources available for appropriations were approximately \$284,000 above the final budgeted amount. The most significant variances in revenue was in the area of local sources which totaled \$286,000, above the budget.

Figure A-9 – Budget vs. Actual Comparison

<i>Hammondspport Central School District</i>				
<i>General Fund - Budget vs Actual Comparison (in thousands of dollars)</i>				
	Revised Budget	Actual	Difference	%
Revenue				
Local sources	\$ 8,999	\$ 9,285	\$ 286	3%
State sources	4,818	4,753	(65)	-1%
Federal sources	30	76	46	152%
Other sources- transfers	-	17	17	n/a
Total revenue	\$ 13,847	\$ 14,131	\$ 284	2%
Expenditures				
General support	\$ 2,327	\$ 2,052	\$ 275	12%
Instruction	7,801	6,745	1,056	14%
Transportation	869	731	138	16%
Employee benefits	3,550	2,899	651	18%
Debt service	1,065	1,065	-	0%
Operating transfers	328	322	6	2%
Total expenditures	\$ 15,940	\$ 13,814	\$ 2,126	13%

VII. Capital Assets and Debt Administration

Capital Assets

As depicted in Figure A-10, as of June 30, 2020, the District had invested approximately \$20,649,000 in a broad range of capital assets, including reconstruction projects, transportation vehicles and other equipment. Capital additions made during the year ended June 30, 2020, totaled approximately \$6,373,000 and consisted primarily of costs associated with the District's capital project costs, energy performance contract and the purchase of transportation vehicles.

**VII. Capital Assets and Debt Administration
(continued)**

Long-term Debt

As depicted in Figure A-11, as of June 30, 2020, the District had approximately \$34,146,000 in bonds, installment purchase debt, other post-employment benefits liabilities, net pension liability and compensated absences, an increase of approximately 29% as compared with the previous year. This increase was primarily due an increase in bonds payable and installment purchase debt as a result of the District issuing debt related to its capital projects. There was an increase in the other post-employment benefit liability resulting from the current year actuarial report update. During the current year, the net pension liability related to the Employees' Retirement System increased from an actuarial update.

Figure A-10 – Capital Assets

<i>Hammondspport Central School District</i>			
<i>Capital Assets (net of depreciation)</i>			
	Governmental Activities & Total District-wide		
	2020	2019	Change
Land	\$ 97,231	\$ 97,231	0%
Buildings	19,826,713	19,433,848	2%
Construction in progress	5,986,403	569,246	952%
Equipment	4,366,769	3,945,743	11%
Accumulated depreciation	(9,627,873)	(8,960,113)	7%
Total Capital Assets, net	\$ 20,649,243	\$ 15,085,955	37%

Figure A-11 – Outstanding Long-term Debt

<i>Hammondspport Central School District</i>			
<i>Outstanding Long-Term Debt and Liabilities</i>			
	Governmental Activities & Total District-wide		
	2020	2019	Change
Bonds payable	\$ 12,177,918	\$ 7,737,341	57%
Installment purchase debt - EPC	1,328,535	-	n/a
Net pension liability	950,494	242,451	292%
Other post-employment benefits	18,156,397	17,146,282	6%
Compensated Absences	1,532,455	1,357,415	13%
Total Long-Term Debt	\$ 34,145,799	\$ 26,483,489	29%

VIII. Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The District is uncertain as to the level of state aid. In the upcoming years as a result of the pandemic. New York State enacted a 2020-21 budget provision that provides for three time periods during the State's fiscal year at which time the Division of Budget will evaluate revenue against its budget projection and potentially adjust State aid to school districts that could potentially result in midyear cuts. In addition, 2020-21 State aid includes a reduced "Pandemic Adjustment", which is being offset with Federal Stimulus funds.
- The District receives a majority of its revenue from local funding, and compliance with the New York State Tax Cap laws and the impact it has on District finances both short and long-term are constantly being monitored.

IX. Contacting the District's Financial Management

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

Hammondsport Central School District
Attention: Ms. Theresa Stopka, Treasurer
8272 Main Street Ext
Hammondsport, NY 14840

HAMMONDSPORT CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

Schedule 1

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	<u>2020</u>	<u>2019</u>
Assets		
Cash		
Unrestricted	\$ 3,102,249	\$ 2,749,250
Restricted	2,518,722	2,858,689
Receivables		
State and federal aid	358,282	303,932
Other receivables	44,856	1,768
Inventories	19,850	15,538
Prepaid expenses	2,700	-
Net pension asset - NYS Teachers' Retirement System	712,475	500,297
Cash to be used for capital assets	4,079,099	1,655,187
Capital assets, net	20,649,243	15,085,955
Total assets	<u>31,487,476</u>	<u>23,170,616</u>
Deferred Outflows of Resources		
Deferred outflows related to bond refunding	72,858	145,715
Deferred outflows related to pensions	2,998,861	2,895,011
Deferred outflows related to OPEB	570,318	505,059
Total assets and deferred outflows of resources	<u>\$ 35,129,513</u>	<u>\$ 26,716,401</u>
Liabilities		
Current liabilities		
Accounts payable and retainage payable	\$ 1,064,568	\$ 297,922
Accrued liabilities	21,585	7,908
Accrued interest	11,725	7,933
Due to fiduciary funds	493	1,320
Due to other governments	57	287
Due to retirement systems	508,943	578,688
Unearned revenue	2,750	2,750
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	960,000	845,000
Portion due or payable after one year		
Bonds payable	11,217,918	6,892,341
Installment purchase debt - EPC	1,328,535	-
Net pension liability - NYS Employees' Retirement System	950,494	242,451
Other post-employment benefits	18,156,397	17,146,282
Compensated absences	1,532,455	1,357,415
Total liabilities	<u>35,755,920</u>	<u>27,380,297</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	988,642	728,535
Deferred inflows related to OPEB	1,596,848	1,131,959
Total liabilities and deferred inflows of resources	<u>38,341,410</u>	<u>29,240,791</u>
Net Position		
Net investment in capital assets	10,168,466	8,993,635
Restricted	2,518,722	2,858,689
Unrestricted (deficit)	(15,899,085)	(14,376,714)
Total net position (deficit)	<u>(3,211,897)</u>	<u>(2,524,390)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 35,129,513</u>	<u>\$ 26,716,401</u>

HAMMONDSPORT CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Schedule 2

Page 11

			Program Revenues		2020	2019
	Indirect		Charges for	Operating	Net (Expense)	Net (Expense)
	Expenses	Allocation	Services	Grants	Revenue and	Revenue and
	Expenses	Allocation	Services	Grants	Changes in	Changes in
					Net Position	Net Position
Functions/Programs						
General support	\$ 2,159,911	\$ 69,753	\$ -	\$ -	\$ (2,229,664)	\$ (1,768,709)
Instruction	11,114,986	476,211	133,712	339,315	(11,118,170)	(9,857,537)
Pupil transportation	779,502	234,888	-	16,609	(997,781)	(912,504)
Debt service	294,210	-	-	-	(294,210)	(288,292)
Food service program	289,351	-	16,186	255,736	(17,429)	(39,419)
Depreciation	780,852	(780,852)	-	-	-	-
Total functions and programs	\$ 15,418,812	\$ -	\$ 149,898	\$ 611,660	(14,657,254)	(12,866,461)
General Revenues						
Real property taxes					8,841,051	8,674,472
Use of money and property					99,431	73,352
Sale of property and compensation for loss					(13,008)	(2,289)
Miscellaneous					213,769	262,056
State sources					4,752,846	4,619,425
Federal sources					75,658	82,979
Total general revenues					13,969,747	13,709,995
Change in net position					(687,507)	843,534
Net position (deficit), beginning of year					(2,524,390)	(3,367,924)
Net position (deficit), end of year					\$ (3,211,897)	\$ (2,524,390)

HAMMONDSPORT CENTRAL SCHOOL DISTRICT
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2020

Schedule 3

Page 12

	Governmental Funds					2020	2019
	General	Special Aid	Food Service	Debt Service	Capital Projects	(Memo only) Total	(Memo only) Total
Assets							
Unrestricted cash	\$ 3,224,740	\$ 2,698	\$ 22,870	\$ -	\$ -	\$ 3,250,308	\$ 2,749,250
Restricted cash	2,171,514	-	-	199,149	4,079,099	6,449,762	4,513,876
Due from other funds	137,406	5,000	-	148,059	-	290,465	50,170
State and federal aid receivable	248,666	97,381	12,235	-	-	358,282	303,932
Other receivables	44,460	-	396	-	-	44,856	1,768
Prepaid expenses	2,700	-	-	-	-	2,700	-
Inventories	-	-	19,850	-	-	19,850	15,538
Total assets	<u>\$ 5,829,486</u>	<u>\$ 105,079</u>	<u>\$ 55,351</u>	<u>\$ 347,208</u>	<u>\$ 4,079,099</u>	<u>\$ 10,416,223</u>	<u>\$ 7,634,534</u>
Liabilities and Fund Equity							
Liabilities							
Accounts payable	\$ 186,460	\$ -	\$ 4,746	\$ -	\$ 873,362	\$ 1,064,568	\$ 297,922
Accrued liabilities	20,930	-	655	-	-	21,585	7,908
Due to other funds	5,862	105,035	-	-	180,061	290,958	51,490
Unearned revenue	2,750	-	-	-	-	2,750	2,750
Due to other governments	-	-	57	-	-	57	287
Due to Teachers' Retirement System	468,593	-	-	-	-	468,593	537,945
Due to Employees' Retirement System	37,873	44	2,433	-	-	40,350	40,743
Total liabilities	<u>722,468</u>	<u>105,079</u>	<u>7,891</u>	<u>-</u>	<u>1,053,423</u>	<u>1,888,861</u>	<u>939,045</u>
Fund Equity							
Nonspendable	2,700	-	19,850	-	-	22,550	15,538
Restricted	2,171,514	-	-	347,208	-	2,518,722	2,858,689
Assigned	547,656	-	27,610	-	3,025,676	3,600,942	2,692,309
Unassigned	2,385,148	-	-	-	-	2,385,148	1,128,953
Total fund equity	<u>5,107,018</u>	<u>-</u>	<u>47,460</u>	<u>347,208</u>	<u>3,025,676</u>	<u>8,527,362</u>	<u>6,695,489</u>
Total liabilities and fund equity	<u>\$ 5,829,486</u>	<u>\$ 105,079</u>	<u>\$ 55,351</u>	<u>\$ 347,208</u>	<u>\$ 4,079,099</u>	<u>\$ 10,416,223</u>	<u>\$ 7,634,534</u>

HAMMONDSPORT CENTRAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

Schedule 4

Page 13

	Governmental Funds					2020	2019
	General	Special Aid	Food Service	Debt Service	Capital Projects	(Memo only) Total	(Memo only) Total
Revenue							
Real property taxes	\$ 8,841,051	\$ -	\$ -	\$ -	\$ -	\$ 8,841,051	\$ 8,674,472
Charges for services	133,712	-	-	-	-	133,712	109,795
Use of money and property	84,844	-	24	1,631	12,932	99,431	73,352
Sale of property compensation for loss	16,225	-	-	-	-	16,225	7,149
Miscellaneous	209,759	-	6,242	147,918	4,010	367,929	268,942
State sources	4,752,846	69,829	17,974	-	-	4,840,649	4,747,934
Federal sources	75,658	288,909	219,090	-	-	583,657	604,331
Surplus food	-	-	18,672	-	-	18,672	17,497
Sales (school food service)	-	-	9,944	-	-	9,944	16,565
Total revenue	14,114,095	358,738	271,946	149,549	16,942	14,911,270	14,520,037
Expenditures							
General support	2,052,026	7,249	91,608	-	-	2,150,883	1,608,358
Instruction	6,745,038	348,071	-	-	-	7,093,109	7,385,128
Pupil transportation	731,131	4,546	-	-	-	735,677	690,603
Employee benefits	2,899,004	2,814	41,226	-	-	2,943,044	3,031,435
Debt service							
Principal	845,000	-	-	-	-	845,000	820,000
Interest	219,902	-	-	-	-	219,902	222,487
Capital outlay	-	-	-	-	5,403,800	5,403,800	355,525
Cost of sales	-	-	99,883	-	-	99,883	114,434
Other expenses	-	-	56,634	-	-	56,634	84,136
Total expenditures	13,492,101	362,680	289,351	-	5,403,800	19,547,932	14,312,106
Excess (deficiency) of revenue over expenditures	621,994	(3,942)	(17,405)	149,549	(5,386,858)	(4,636,662)	207,931
Other sources and uses							
Proceeds from the issuance of debt	-	-	-	-	6,468,535	6,468,535	-
Operating transfers in	17,092	3,942	-	12,803	318,056	351,893	122,489
Operating transfers out	(321,998)	-	-	(10,817)	(19,078)	(351,893)	(122,489)
Total other sources (uses)	(304,906)	3,942	-	1,986	6,767,513	6,468,535	-
Excess (deficiency) of revenue and other sources over expenditures and other uses	317,088	-	(17,405)	151,535	1,380,655	1,831,873	207,931
Fund equity, beginning of year	4,789,930	-	64,865	195,673	1,645,021	6,695,489	6,487,558
Fund equity, end of year	\$ 5,107,018	\$ -	\$ 47,460	\$ 347,208	\$ 3,025,676	\$ 8,527,362	\$ 6,695,489

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

HAMMONDSPOrt CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2020

Schedule 5

Page 14

	Private Purpose Trusts	Agency Funds	Total 6/30/2020	(Memo only) Total 6/30/2019
Assets				
Cash	\$ 245,827	\$ 319,456	\$ 565,283	\$ 523,045
Other receivables	-	-	-	30
Due from other funds	-	862	862	1,393
Total assets	\$ 245,827	\$ 320,318	\$ 566,145	\$ 524,468
Liabilities				
Accrued liabilities	\$ -	\$ 274,472	\$ 274,472	\$ 233,321
Due to other funds	-	369	369	73
Student extraclassroom activity funds	-	45,477	45,477	42,717
Total liabilities	-	320,318	320,318	276,111
Net position				
Reserved for scholarships	245,827	-	245,827	248,357
Total liabilities and net position	\$ 245,827	\$ 320,318	\$ 566,145	\$ 524,468

HAMMONDSPORT CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

Schedule 6

Page 15

	6/30/2020	(Memo only)	6/30/2019
Additions			
Gifts and contributions	\$ 82,875	\$	85,905
Interest earnings	606		283
Total additions	83,481		86,188
Deductions			
Scholarships awarded	86,011		87,307
Change in net position	(2,530)		(1,119)
Net position - beginning of year	248,357		249,476
Net position - end of year	<u>\$ 245,827</u>	<u>\$</u>	<u>248,357</u>

HAMMONDSPORT CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

Total fund balances - governmental funds \$ 8,527,362

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets consist of the following at year-end:

Cost of the assets	\$ 30,277,116	
Accumulated depreciation	<u>(9,627,873)</u>	20,649,243

District's proportionate share of the net pension asset is reported on the statement of net position, whereas in the governmental funds, pension costs are based on required contributions	712,475
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Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(11,725)
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Deferred outflows from the refunding of debt is reported on the statement of net position and is amortized over the life of the refunded debt. In the governmental funds the total sources and payments related to the refunding are recognized in the combined statement of revenue, expenditures, and changes in fund equity.	72,858
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Deferred outflows and inflows of resources related to actuarial pension differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds, pension expense is based on required contributions.	2,010,219
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Net deferred inflows of resources related to actuarial OPEB differences are reported on the the statement of net position and amortized over the average members' years of service. In the government funds, OPEB expense is based on required contributions	(1,026,530)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:

Bonds payable	(12,177,918)	
Installment purchase debt - energy performance contract	(1,328,535)	
Net pension liability - ERS	(950,494)	
Other post-employment benefits	(18,156,397)	
Compensated absences	<u>(1,532,455)</u>	<u>(34,145,799)</u>

Total net position - governmental activities	<u>\$ (3,211,897)</u>
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	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	\$ 9,700,070	\$ -	\$ -	\$ (4,079,099)	\$ 5,620,971
Due from other funds	290,465	-	-	(290,465)	-
State and federal aid receivable	358,282	-	-	-	358,282
Other receivables	44,856	-	-	-	44,856
Inventories	19,850	-	-	-	19,850
Prepaid expenses	2,700	-	-	-	2,700
Net pension asset - NYS Teachers' Retirement System	-	712,475	-	-	712,475
Cash to be used for capital assets	-	-	-	4,079,099	4,079,099
Capital assets, net	-	20,649,243	-	-	20,649,243
Total assets	10,416,223	21,361,718	-	(290,465)	31,487,476
Deferred Outflows of Resources					
Deferred outflows related to bond refunding	-	72,858	-	-	72,858
Deferred outflows related to pensions	-	2,998,861	-	-	2,998,861
Deferred outflows related to OPEB	-	570,318	-	-	570,318
Total deferred outflows of resources	-	3,642,037	-	-	3,642,037
Total assets and deferred outflows of resources	\$ 10,416,223	\$ 25,003,755	\$ -	\$ (290,465)	\$ 35,129,513
Liabilities, deferred inflows of resources and Fund Equity/Net Position					
Liabilities					
Accounts payable	\$ 1,064,568	\$ -	\$ -	\$ -	\$ 1,064,568
Accrued liabilities	21,585	-	-	-	21,585
Accrued interest	-	-	11,725	-	11,725
Due to other funds	290,958	-	-	(290,465)	493
Unearned revenue	2,750	-	-	-	2,750
Due to other governments	57	-	-	-	57
Due to retirement systems	508,943	-	-	-	508,943
Bonds payable	-	-	12,177,918	-	12,177,918
Installment purchase debt - EPC	-	-	1,328,535	-	1,328,535
Net pension liability - ERS	-	-	950,494	-	950,494
Other post-employment benefits	-	-	18,156,397	-	18,156,397
Compensated absences	-	-	1,532,455	-	1,532,455
Total liabilities	1,888,861	-	34,157,524	(290,465)	35,755,920
Deferred Inflows of Resources					
Deferred inflows related to pensions	-	-	988,642	-	988,642
Deferred inflows related to OPEB	-	-	1,596,848	-	1,596,848
Total liabilities and deferred inflows of resources	1,888,861	-	36,743,014	(290,465)	38,341,410
Fund equity and net position	8,527,362	25,003,755	(36,743,014)	-	(3,211,897)
Total liabilities, deferred inflows of resources, and fund equity/net position	\$ 10,416,223	\$ 25,003,755	\$ -	\$ (290,465)	\$ 35,129,513

HAMMONDSPORT CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Total net change in fund balances - governmental funds \$ 1,831,873

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Activity for the current fiscal year ended was as follows:

Capital outlays	\$ 6,373,373	
Depreciation expense	<u>(780,852)</u>	5,592,521

Proceeds from the sale of assets are reported as revenue in the governmental funds, whereas in the statement of activities a gain or loss on sale is reported. (29,233)

Repayment of bond principal (including refunding) and bond anticipation notes principal is an expenditure the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 845,000

Proceeds from issuance of bonds (including refunding) and installment purchase debt (energy performance contract) are recorded as revenue in governmental funds. However, in the statement of activities, proceeds from long-term debt are not recorded as revenue. Rather, long-term debt is recorded as a liability in the statement of net position. (6,468,535)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus required 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. In addition, premiums received on bonds and bond anticipation notes are recorded as revenue in the governmental funds in the year received, whereas in the statement of activities premiums are amortized to interest expense. Lastly, amortization of deferred outflows related to bond refunding are reflected in the statement of activities. (222,226)

District's proportionate share of actuarial calculated pension expense and net amortization of deferred amounts are recorded in the statement of activities, whereas in the governmental funds, pension expense is based on the District's required contribution to pension plans. (652,122)

District's actuarial calculated OPEB expense and net amortization of deferred outflows and inflows related to OPEB are recorded in the statement of activities, whereas in the governmental funds OPEB expense is based on District's required contribution to the OPEB plan. (1,409,745)

In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, compensated absences changed by this amount. (175,040)

Change in net position of governmental activities \$ (687,507)

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	\$ 8,841,051	\$ -	\$ -	\$ -	\$ 8,841,051
Charges for services	133,712	-	-	(133,712)	-
Use of money and property	99,431	-	-	-	99,431
Sale of property compensation for loss	16,225	(29,233)	-	-	(13,008)
Miscellaneous	367,929	-	(147,918)	(6,242)	213,769
State sources	4,840,649	-	-	(87,803)	4,752,846
Federal sources	583,657	-	-	(507,999)	75,658
Surplus food	18,672	-	-	(18,672)	-
Sales (school food service)	9,944	-	-	(9,944)	-
Total revenue	14,911,270	(29,233)	(147,918)	(764,372)	13,969,747
Expenditures					
General support	2,150,883	(343,937)	-	422,718	2,229,664
Instruction	7,093,109	160,758	175,040	3,689,263	11,118,170
Pupil transportation	735,677	(5,542)	-	267,646	997,781
Employee benefits	2,943,044	-	2,061,867	(5,004,911)	-
Debt service	1,064,902	-	(770,692)	-	294,210
Capital outlay	5,403,800	(5,403,800)	-	-	-
Cost of sales	99,883	-	-	(82,454)	17,429
Other expenses	56,634	-	-	(56,634)	-
Total expenditures	19,547,932	(5,592,521)	1,466,215	(764,372)	14,657,254
Excess (deficiency) of revenue over expenditures	(4,636,662)	5,563,288	(1,614,133)	-	(687,507)
Other sources and uses					
Proceeds from the issuance of bonds	6,468,535	-	(6,468,535)	-	-
Operating transfers in	351,893	-	-	(351,893)	-
Operating transfers out	(351,893)	-	-	351,893	-
Total other sources (uses)	6,468,535	-	(6,468,535)	-	-
Net change for year	\$ 1,831,873	\$ 5,563,288	\$ (8,082,668)	\$ -	\$ (687,507)

**HAMMONDSPORT CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Significant Accounting Policies

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

A. Reporting Entity

The financial statements include all funds and account groups of the School District as well as the component units and other organizational entities determined to be includable in the School District's financial reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the School District's reporting entity:

1. The Extraclassroom Activity Funds

The extraclassroom activity funds of the *Hammondspport Central School District* represents funds of the students of the School District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the School District with respect to its financial transactions, and the designation of student management. The cash and investment balances are reported in the Agency Fund of the District. The audited financial statements (cash basis) of the extraclassroom activity funds are included available at the District's offices.

B. Joint Venture

The *Hammondspport Central School District* is a component of the Supervisory District of the Steuben and Allegany Counties 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Joint Venture (continued)

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

A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of the 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.

During the year, the District was billed \$1,418,000 for BOCES administration and program costs. The District's share of BOCES aid, including BOCES refund, amounted to \$546,000 for the year ended June 30, 2020. Financial statements for the Steuben and Allegany Counties BOCES are available at the BOCES administrative offices.

C. Basis of Presentation

1. District-wide Statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (continued)

1. District-wide Statements (continued)

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

2. Fund Financial Statements

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

The District reports the following major governmental funds:

General - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Special Aid - is used to account for the proceeds of specific revenue sources such as Federal and State grants that are legally restricted to expenditures for specified purposes, whose funds are restricted as to use. These legal restrictions may be imposed by either governments that provide the funds or outside parties.

Food Service - is used to account for all revenue and expenditures pertaining to the cafeteria operations.

Capital Projects - is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Debt Service - is used to account for the accumulation of resources and the payment of general long-term debt principle and interest.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (continued)

2. Fund Financial Statements (continued)

Fiduciary Fund Types - This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. Included in the Fiduciary Fund are Private Purpose Trust Funds and Agency Funds. Agency Funds are custodial in nature (assets equal liabilities) and generally are accounted for on the cash basis which approximates the modified accrual basis of accounting. Private Purpose Trust Funds are accounted for on the accrual basis of accounting.

D. Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Non-expendable trust funds are accounted for on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recorded when incurred.

HAMMONDSPOrt CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (continued)

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

E. Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments of three months or less are considered as cash equivalents. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance.

F. Inventory

Inventories of food in the School Food Service 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 inventorial items in other funds are recorded as expenditures at the time of purchase.

G. Investments

Investments are stated at current market value.

H. Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to March 11, 2015. For assets acquired prior to March 12, 2015, estimated historical costs, based on appraisals conducted by independent third-party professionals was used. Donated assets are reported at estimated fair market value at the time received.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (continued)

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 5,000	Straight-line	40 years
Land improvements	5,000	Straight-line	40 years
Furniture and equipment	5,000	Straight-line	5 years
Transportation vehicles	5,000	Straight-line	7 years

I. Due To/From Other Funds

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

J. Compensated Absences

Sick leave and Retirement Incentive Pay - certain of the District's employee groups have negotiated retirement incentive benefits payable based on accumulated unused sick days. Generally the employee must have accumulated minimum years of service with the District and must be eligible for retirement under the provisions of either the teacher or employee retirement systems. The District has recorded an estimated liability in the District-wide financial statement amounting to \$1,532,455 to recognize the cost of the incentive benefits for those employees eligible to receive such a benefit and retirees which have earned such benefit. Payment of these benefits is dependent on many factors; therefore, the timing of future payments is not readily determinable.

The District believes sufficient resources and budgetary appropriations will be available as the benefits become payable in future years. The liability for compensated absences is calculated at rates in effect as of the balance sheet date and is recorded in the government-wide financial statements.

K. Deferred Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows of Resources

The government has four items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The third item is a deferred charge on the refunding of bonds which results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The last relates to OPEB reporting in the district-wide statement of net position. This represents the actuarial differences that are deferred and amortized and benefits paid after the measurement date.

L. Deferred Inflows of Resources

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 two items that qualify for reporting in this category and 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 (TRS and ERS Systems) 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 second item relates to OPEB reporting in the district-wide statement of net position. This represents the actuarial differences that are deferred and amortized.

M. Unearned Revenue

Unearned revenue is reported on the District's combined balance sheet. Unearned revenue arises 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 unearned revenue is removed and revenue is recognized. Unearned revenue recorded in the governmental funds are not recorded in the District-wide statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Post-Employment Benefits

In addition to the retirement benefits described in Note 3VA, the District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. Substantially all of these employees, upon reaching normal retirement age while working for the District, will have the District pay their health insurance premiums from their retirement incentive benefits (until exhausted) in accordance with their respective employment contract.

Generally, the District is 50% responsible for this post-employment benefit, such as teachers who retire at age 55 (until they reach age 65), and full time non-teaching employees (hired prior to July 1, 1981).

O. Fund Equity

1. Governmental Funds

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes

GASB 54 requires the fund balance amounts to be reported within one of the fund balance categories listed below:

A. Nonspendable

Fund balance associated with assets that are inherently nonspendable in the current period because of their form or because they must be maintained intact, including inventories, prepaids, long-term loans and notes receivable, and property held for relate (unless the proceeds are restricted, committed, or assigned). Nonspendable Fund Balance includes the following category:

1. Inventory Reserve

This reserve is used to limit the investment in inventory and to restrict that portion of fund balance which is unavailable for appropriation. This reserve is accounted for in the School Food Service Fund.

B. Prepaid Expense

This reserve is used to restrict a portion of fund balance, relating to prepaid expenses paid in the current year, which is not in spendable form. This reserve is accounted for in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

Fund balance amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation. Restricted Fund Balance includes the following categories:

1. Retirement Contribution Reserve

Retirement Contribution reserve is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the board. This reserve is account for in the General Fund.

2. Teachers' Retirement Reserve Subfund

This reserve is used to accumulate funds for teachers' retirement system contributions and has limits of 2% annually and 10% in total of teacher retirement system salaries. The reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

3. Repair Reserve

This reserve 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. Expenditure of this reserve may be made only after a public hearing has been held, except in emergency situations. This reserve is account for in the General fund.

4. Reserve for Employee Benefits

The purpose of this reserve is to reserve funds for the payment of any accrued employee benefit due an employee upon termination of 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. This reserve is accounted for in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity (continued)

1. Governmental Funds (continued)

C. Restricted (continued)

5. Capital Reserve

This reserve is used to accumulate funds to finance all or a portion of future capital projects and vehicles for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. This reserve is accounted for in the General Fund.

6. Unemployment Insurance Reserve

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

7. Reserve for Transportation

This reserve represents funds allocated for future purchases of school buses.

8. Debt Service Reserve

This reserve is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations and remaining bond proceeds not to be utilized for the intended purposes. This reserve is accounted for in the Debt Service Fund and General Fund.

9. Workers Compensation Reserve

This reserve is used to accumulate funds for the purpose of paying for compensation benefits and other expenditures under Article 2 of the NYS Workers' Compensation Law and for payment of expenditures of administering this self-insurance program. This reserve is accounted for in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity (continued)

1. Governmental Funds (continued)

C. Restricted (continued)

10. Endowment Scholarships Reserve

This reserve is used to account for endowments, scholarships and other funds held in trust by the School District. These monies and earnings must be used for the specific purpose of the original contribution.

D. Committed

Fund balance amounts that can be used only for specific purposes determined by a formal action of the District's Board of Education, which is the District's highest level of decision-making authority. The District did not have any committed fund balance as of June 30, 2020.

E. Assigned

Fund balance intended to be used by the District for specific purposes but does not meet the criteria to be restricted or committed. Along with the District's Board of Education, the Superintendent and Treasurer have been authorized to assign fund balance amounts for specific purposes through the establishment of an encumbrance.

1. Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds, and Capital Projects Fund. If resources have already been restricted or committed for encumbrances, the encumbered amounts will be included with restricted or committed resources. If resources have not already been restricted or committed, amounts encumbered are considered assigned for the purpose of the expected expenditure. Reserve for encumbrances as of June 30, 2020 totaled \$47,656.

2. Appropriated Fund Equity

General Fund - The amount of \$500,000 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2021 as allowed by Section 1318 of the Real Property Tax Law.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity (continued)

2. Government-wide financial statements

A. Net Investment in Capital Assets

This designation of net position is used to accumulate the capital asset balance in the statement of net position less accumulated depreciation and outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

B. Restricted

This category represents amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation.

C. Unrestricted

This category represents net position of the District not restricted for any other purpose.

3. Order of Fund Balance Spending Policy

When more than one classification of fund balance of the District are eligible to be utilized for an expenditure of the District, the order in which the fund balance classifications will be utilized will be as follows:

- a. Restricted fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;
- b. Committed fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;
- c. Assigned fund balance created specifically for the expenditure (encumbered fund balance);
- d. Assigned fund balance within funds other than the General Fund of the District to which the expenditure relates;
- e. Unassigned fund balance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a) The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund.
- b) The proposed appropriations budget is approved by the voters within the District.
- c) Appropriations are adopted at the program level.
- d.) Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. During the current year, the District had supplemental appropriations in the amount of \$708,858, as \$274,500 was transferred from the District's repair reserve to be used towards a wastewater treatment plant project, while \$216,302 was transferred from the District's technology reserve to be used towards the technology project and \$218,056 was transferred to capital projects for bus purchases.

2. Budget Basis for Accounting

Budgets are adopted annually on a basis consistent with the fund financial statements and the modified accrual basis of accounting. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

The budget and actual comparison for the Food Service Fund reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets.

Budgetary controls for the special revenue and capital funds are established in accordance with the applicable grant agreement or authorized project limit which may cover a period other than the District's fiscal year. Consequently, the budgets for such funds have been excluded from the combined schedule of revenue, expenditures and changes in fund equity - budget and actual.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Property Taxes

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on October 31.

2. Enforcement

Uncollected real property taxes are subsequently enforced by the Counties, in which the School District resident is located. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the School District no later than the forthcoming April 1.

R. Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers to provide services and construct assets.

S. Deferred Compensation Plan

Hammondspport Central School District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b) - Tax Sheltered Annuities (TSA). The plan is available to all school employees and permits them to defer taxation on a portion of their salary until future years. The deferred portion is withheld by the District and disbursed to the employees' TSA plan administrator. The TSA plans are owned by the individuals and held in trust by the plan administrator. The School District has a fiduciary responsibility for funds withheld and remittance to trustees.

T. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses.

NOTE 2 - 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.

HAMMONDSPORT CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

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

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 three broad categories. The amounts shown below represent:

1. Long-term Revenue Differences

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

2. Capital Related Differences

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

3. Long-term Debt Transaction Differences

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

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

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

4. 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.

5. OPEB Differences

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS

I. Cash

The *Hammondspport Central School District's* investment policies are governed by State statutes. School District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District treasurer is authorized to use demand accounts and certificates of deposits. 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.

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. While the District does not have a specific policy with regards to custodial credit risk, New York State statutes govern the District's investment policies. At June 30, 2020, the District's bank deposits were fully collateralized.

A. Deposits

Deposits are valued at cost or cost plus interest and are categorized as either:

- (1) Insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the entity or by its agent in the entity's name;
- (2) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; irrevocable letter of credit from a Federal Home Bank rated I the highest rating category; or
- (3) Uncollateralized

HAMMONDSPORT CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

I. Cash (continued)

A. Deposits (continued)

Total financial institution (bank) balances at June 30, 2020 per the bank were approximately \$9,655,000. Deposits are categorized as follows:

Category 1	Category 2	Category 3	Carrying Value
\$ 250,000	\$ 9,405,000	\$ -	\$ 9,655,000

Included in category 2 are deposits collateralized through a \$15,000,000 letter of credit with Federal Home Loan Bank of New York.

The District also had \$996,490 as of June 30, 2020, held in escrow with Key Bank related to its energy performance contract and not included in the table above.

II. Interfund Transactions

Interfund balances and transactions as of and during the year ended June 30, 2020 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 137,406	\$ 5,862
Capital Projects Fund	-	180,061
Debt Service Fund	148,059	-
School Lunch Fund	-	-
Special Aid Fund	5,000	105,035
Fiduciary Funds	862	369
Total	\$ 291,327	\$ 291,327

	Interfund Revenue	Interfund Expenditures
General Fund	\$ 17,092	\$ 321,998
Special Aid Fund	3,942	-
Capital Projects Fund	318,056	19,078
Debt Service fund	12,803	10,817
Total	\$ 351,893	\$ 351,893

During the year ended June 30, 2020, the District transferred \$100,000 from the general fund to the capital projects fund towards a capital outlay project and \$218,056 towards bus purchases. The District transferred \$6,275 from the capital project fund to the general fund related to unspent capital outlay project, transferred \$10,817 from the debt service fund to the general fund towards debt service costs and \$12,803 from the capital project fund to the debt service fund related to current year BAN premium. Lastly, the District transferred \$3,942 from the general fund to the special aid fund to cover its local share of the summer school/Section 4408 program.

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

III. Receivables

Receivables at June 30, 2020 consisted of the following, which are stated at net realizable value. District management has deemed the amounts to be fully collectible

Fund	Description	Amount
Special Aid	State and Federal Aid	\$ 97,381
Food Service	State and Federal Aid	12,235
Food Service	Other receivables	396
General	State and Federal Aid	248,666
General	Other Receivables	44,460
		<u>\$ 403,138</u>

In August 2020, the New York State Division of Budget began withholding 20% of general, excess cost, and BOCES aid payments which could be converted to permanent reductions, depending on the size and timing of new Federal aid, if any. As a result, due from State and Federal aid receivable reported in the general fund balance sheet and district-wide statement of net position have been adjusted by \$62,167 to reflect the 20% withholding.

IV. Capital Assets

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

	Beginning Balance 06/30/19	Net change	Ending Balance 06/30/20
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 97,231	\$ -	\$ 97,231
Construction-in-Progress	569,246	5,417,157	5,986,403
Capital assets that are depreciated:			
Buildings and Improvements	19,433,848	392,865	19,826,713
Furniture and Equipment	3,945,743	421,026	4,366,769
Total depreciable historical cost	23,379,591	813,891	24,193,482
Less accumulated depreciation:			
Buildings and Improvements	(6,527,971)	(480,733)	(7,008,704)
Furniture and Equipment	(2,432,142)	(187,027)	(2,619,169)
Total accumulated Depreciation	(8,960,113)	\$(667,760)	(9,627,873)
Total net book value	<u>\$15,085,955</u>		<u>\$20,649,243</u>

Depreciation expense was charged to governmental functions during the current year as follows:

General support	\$ 69,753
Instruction	476,211
Pupil transportation	234,888
	<u>\$ 780,852</u>

**HAMMONDSPORT CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

IV. Capital Assets (continued)

During the fiscal year ended June 30, 2020 the District had capital additions in the amount of \$6,373,373 during the current fiscal year.

V. Liabilities

A. Pension Plans

1. Plan Descriptions and Benefits Provided

a. Teachers' Retirement System (TRS)

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

b. 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

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

A. Pension Plans (continued)

1. Plan Descriptions and Benefits Provided (continued)

b. Employees' Retirement System (ERS) (cont'd)

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 is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

2. Contributions

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

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

<u>Year</u>	<u>TRS</u>	<u>ERS</u>
2020	\$ 437,000	\$ 158,000
2019	500,000	166,000
2018	442,000	166,000

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

**HAMMONDSPORT CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

A. Pension Plans (continued)

2. Contributions (continued)

Since 1989, the TRS' billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis.

Over the years, the State Legislature authorized local governments to make available retirement incentive programs to qualifying employees. The District had no expenditures incurred or liability accrued related to retirement incentives as of and for the year ended June 30, 2020.

3. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, 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, 2020 for ERS and June 30, 2019 for TRS.

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

A. Pension Plans (continued)

3. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's proportion of the net pension 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.

Actuarial measurement date	ERS 3/31/2020	TRS 6/30/2019
Net pension asset (liability)	\$ (950,494)	\$ 712,475
District's portion of the Plan's total net Pension asset (liability)	.0035894%	.027424%

For the year ended June 30, 2020, the District's recognized pension expense of \$336,378 for ERS and \$897,721 for TRS. At June 30, 2020 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 experience	\$ 55,940	\$ 482,826	\$ -	\$ 52,981
Changes of assumptions	19,138	1,345,961	16,526	328,183
Net difference between projected and actual earnings on pension plan investments	487,269	-	-	571,368
Changes in proportion and differences between the Districts contributions and proportionate share of contributions	52,854	77,049	13,094	6,490
District's contributions subsequent to the measurement date	40,350	437,474	-	-
Total	\$ 655,551	\$ 2,343,310	\$ 29,620	\$ 959,022

**HAMMONDSPORT CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

V. Liabilities (continued)

A. Pension Plans (continued)

3. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

Year ended:	ERS	TRS
2021	\$ 104,342	\$ 338,957
2022	148,372	37,076
2023	185,611	337,789
2024	147,256	224,030
2025	-	29,514
Thereafter	-	(20,552)

4. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	3/31/2020	6/30/2019
Actuarial valuation date	4/1/19	6/30/18
Interest rate	6.8%	7.1%
Salary scale	4.2% average 4/1/10 – 3/31/15	1.90% - 4.72% 7/1/09 – 6/30/14
Decrement tables	System's Experience	System's Experience
Inflation rate	2.5%	2.2%

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

V. Liabilities (continued)

A. Pension Plans (continued)

4. Actuarial Assumptions (continued)

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-2018. For TRS, annuitant mortality rates are based on member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP2018, applied on a generational basis. Active members' mortality rates are based on plan members' experience.

For ERS, the actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

Measurement date	ERS 3/31/20	Expected Rate of Return	TRS 6/30/19	Expected Rate of Return
Asset Type:				
Domestic equity	36%	4.05%	33%	6.3%
International equity	14%	6.15%	16%	7.8%
Global equity	-%	-%	4%	7.2%
Private equity	10%	6.75%	8%	9.9%
Real Estate	10%	4.95%	11%	4.6%
Absolute return strategies	2%	3.25%	-%	-%
Opportunistic portfolio	3%	4.65%	-%	-%
Real assets	3%	5.95%	-%	-%
Domestic fixed income securities	-%	-%	16%	1.3%
Global fixed income securities	-%	-%	2%	.9%
High-yield fixed income securities	-%	-%	1%	3.6%
Bonds and Mortgages	17%	.75%	-%	-%
Cash and short-term	1%	-%	1%	.3%
Inflation-indexed bond funds	4%	.5%	-%	-%
Real estate debt	-%	-%	7%	2.9%
Private debt	-%	-%	1%	6.5%
Total:	<u>100%</u>		<u>100%</u>	

**HAMMONDSPORT CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

A. Pension Plans (continued)

5. Discount Rate

The discount rate used to calculate the total pension asset (liability) was 6.8% 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.

6. Sensitivity of the Proportionate Share of the Net Pension Asset (Liability) to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 6.8% 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 (5.8% for ERS and 6.10% for TRS) or 1-percentage point higher (7.8% for ERS and 8.10% for TRS) than the current rate:

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
ERS			
Employer's proportionate share of the net pension asset/(liability)	\$ (1,744,425)	\$ (950,494)	\$ (219,280)
	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
TRS			
Employer's proportionate share of the net pension asset/(liability)	\$ (3,216,038)	\$ 712,475	\$ 4,008,055

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

A. Pension Plans (continued)

7. Pension Plan Fiduciary Net Position

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

Measurement date	(In thousands)	
	ERS 3/31/2020	TRS 6/30/2019
Employers' total pension liability	\$ 194,596,261	\$ 119,879,474
Plan Net Position	\$ 168,115,682	\$ 122,477,481
Employers' net pension asset/(liability)	\$ (26,480,579)	\$ 2,598,007
Ratio of plan net position to be		
Employers' total pension asset/(liability)	86.39%	102.2%

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$40,350.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$468,593 (employer contribution \$437,474 and employee contributions of \$31,119).

**HAMMONDSPORT CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

B. Other Post-Employment Benefits

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan). The Plan provides medical and vision insurance benefits to eligible retirees and their spouses. Benefit provisions are based on bargaining agreements as negotiated from time to time. The Plan does not issue a publicly available financial report. Eligibility for the Plan is established by the District and specified in the District's employment contracts.

Employees Covered by Benefit Terms

For the fiscal year ended June 30, 2020, the plan had 103 total active employees, 89 retirees and 5 retiree survivors.

Total OPEB Liability

The District's total OPEB Liability of \$18,156,397 was measured as of June 30, 2019 and was rolled forward to June 30, 2020.

Actuarial Methods and Other Inputs

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	3.00% increase annually based on District's review of historical experience and future expectations
Discount rate	3.13% as of June, 30 2019 and 3.62% as of June, 30 2018
Healthcare cost trend rates	6.75% reduced to an ultimate rate of 3.784% until 2075
Retiree's share of benefit-related costs	The District pays 75% for Single and Family coverage for admins, and 50% for all others

The discount rate was based on a yield for 20 year tax-exempt general obligation municipal bonds.

Effective January 1, 2019, Medicare-eligible retirees moved to either the Aetna Medicare Advantage Plan A or Plan C which resulted in the change in benefits.

The actuarial assumptions used in July 1, 2019 valuation represent a long-term expectation of future OPEB outcomes.

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

Changes in the Total OPEB Liability

Service cost	\$ 767,566
Interest	639,340
Differences between expected and actual experience	(589,032)
Change in benefit terms	985,311
Changes in assumptions	(288,011)
Benefit payments	(505,059)
Net changes	<u>1,010,115</u>
Net OBEF liability – beginning of year	17,146,282
Net OPEB liability – end of year	<u>\$ 18,156,397</u>

Changes in assumptions reflect change in the discount rate from 3.62% in 2018 to 3.13% in 2019. The health care trend rate of 7.00%- 3.886% in 2018 changed to 6.75%-3.784% in 2019. Mortality changed from RPH-2014 adjusted with scale MP-2017 in 2018 to Pub-2010 adjusted with scale MP-2018 in 2019.

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 (2.13%) or 1 percentage point higher (4.13%) than the current discount rate:

	1% Decrease (2.13%)	Current Assumption (3.13%)	1% Increase (4.13%)
Total OPEB Liability	<u>\$ 21,284,821</u>	<u>\$ 18,156,397</u>	<u>\$ 15,659,723</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 or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (5.75% - 2.784%)	Current Assumption (6.75% - 3.784%)	1% Increase (7.75% - 4.784%)
Total OPEB liability	<u>\$ 14,860,912</u>	<u>\$ 18,156,397</u>	<u>\$ 22,571,225</u>

**HAMMONDSPORT CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,980,063. 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
Changes in assumptions	\$ -	\$ 1,102,212
Difference between expected and actual experience	-	494,636
Benefit payments subsequent to the measurement date	570,318	-
Total	\$ 570,318	\$ 1,596,848

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

Year ending:	
2021	\$ (412,154)
2022	(412,154)
2023	(412,154)
2024	(184,774)
2025	(141,881)
Thereafter	(33,731)

C. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds is recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as part of the financial statements when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

C. Indebtedness (continued)

1. Short-Term Debt (continued)

a. Bond Anticipation Notes (continued)

The District may issue Bond Anticipation Notes, in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds.

On January 21, 2020 the District issued bond anticipation notes in the amount of \$2,400,000. The notes carried an interest rate of 1.75% and matured on June 26, 2020.

Interest expense on short-term debt amounted to \$18,083 for the fiscal year ended June 30, 2020.

2. Long-Term Debt

a. Debt Limit

At June 30, 2020, the total indebtedness represents approximately 13% of its debt limit.

b. 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 capital assets. These long-term liabilities, which are full faith and credit debt of the District, are recorded in the Statement of Net Position. The provisions 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.

c. Installment Purchase Debt

The District borrows money in order to complete an energy performance contract which is intended to provide future energy savings.

**HAMMONDSPORT CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Changes

The changes in the School District's indebtedness during the year ended June 30, 2020 and 2019 are summarized as follows:

	<u>Balance June 30, 2020</u>	<u>Balance June 30, 2019</u>
2020 Serial Bonds	\$ 5,287,918	\$ -
2015 Serial Bonds		
- refunded	3,015,000	3,270,000
2015 Serial Bonds	3,875,000	4,220,000
2015 Serial Bonds	-	25,000
2012 Serial Bonds		
- refunded, net	-	222,341
2020 Installment		
Purchase Debt	1,328,535	-
Net pension		
liability	950,494	242,451
Other post-		
employment		
benefits	18,156,397	17,146,282
Compensated		
absences	<u>1,532,455</u>	<u>1,357,415</u>
	<u>\$ 34,145,799</u>	<u>\$ 26,483,489</u>

8

During the year, the District made principal payments on its serial bonds in the amount of \$845,000 and amortized outstanding premiums on bonds in the amount of \$2,341. On June 24, 2020 the District issued serial bonds in the amount of \$5,140,000 and capitalized a bond premium in the amount of \$147,918. During the current year, the District also issued an installment purchase debt totaling \$1,328,535 related to its energy performance contract. The net change in compensated absences was an increase of \$175,040 during the fiscal year ended June 30, 2020. The net change in other post-employment benefits was an increase of \$1,010,115 and the net pension liability in the NYS Employees' Retirement System increased \$708,043 during the fiscal year ended June 30, 2020 related to actuarial updates

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

e. Maturity

1. The following is a summary of serial bonds and installment purchase indebtedness:

<u>Description of Issue</u>	<u>Outstanding at June 30, 2020</u>
Serial Bonds, issued in 2020 with a maturity date of 2036, bonds carry interest rates of 2.00%. Proceeds used to finance capital project.	\$ 5,140,000
Plus: Unamortized premium	147,918
	<u>5,287,918</u>
Installment Purchase Debt issued in 2020 with a maturity date of 2036. Interest rate of 2.59%. Proceeds used to finance energy performance contract.	<u>1,328,535</u>
Serial Bonds, issued in 2015 with a maturity date of 2037, bonds carry interest rates of 1.25% to 4.00%. Proceeds used to refund 2008 serial bonds.	<u>3,015,000</u>
Serial Bonds, issued in 2015 with a maturity date of 2030, bonds carry interest at 2.00% to 3.00%.	<u>3,875,000</u>
Total	<u>\$ 13,506,453</u>

2. The following is a summary of maturing debt service requirements for serial bond and installment purchase debt:

<u>Year</u>	<u>Serial Bonds – 2015 Construction Bond</u>	
	<u>Principal</u>	<u>Interest</u>
		\$
2021	360,000	95,408
2022	370,000	88,208
2023	380,000	80,808
2024	390,000	73,208
2025	395,000	64,434
2026-2030	<u>1,980,000</u>	<u>163,732</u>
Total	<u>\$ 3,875,000</u>	<u>\$ 565,798</u>

HAMMONDSPOrt CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

e. Maturity (continued)

Year	Serial Bonds – 2015 refunded	
	Construction Bond	
	Principal	Interest
2021	\$ 255,000	\$ 88,325
2022	260,000	83,225
2023	265,000	78,025
2024	125,000	72,725
2025	130,000	67,725
2026-2030	730,000	260,400
2031-2035	865,000	124,450
2036-2037	385,000	14,500
Total	\$ 3,015,000	\$ 789,375

Year	Serial Bonds – 2020	
	Construction Bond	
	Principal	Interest
2021	\$ 345,000	\$ 100,230
2022	475,000	95,900
2023	485,000	86,400
2024	510,000	76,700
2025	355,000	66,500
2026-2030	1,475,000	234,500
2031-2035	1,390,000	91,400
2036	105,000	2,100
Total	\$ 5,140,000	\$ 753,730

Year	Installment Purchase Debt – 2020	
	Energy Performance Contract	
	Principal	Interest
2021	\$ -	\$ 51,267
2022	76,587	33,876
2023	78,581	31,883
2024	80,627	29,837
2025	82,727	27,737
2026-2030	447,085	105,233
2031-2035	508,401	43,918
2036	54,527	705
Total	\$ 1,328,535	\$ 324,456

f. Long-Term Debt Interest

Interest expense on long-term debt amounted to \$201,819 for the fiscal year ended June 30, 2020.

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

g. Premiums, Debt Issuance Costs and Amortization

Net premiums resulting from bond and other debt refinancing are being amortized over the life of the relating debt using the interest method. These premiums are accordingly included in the outstanding principal balances for the bonds. Debt issuance costs related to the bonds were expensed in accordance with GASB 65.

3. Advanced Bond Refunding

In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for future debt service payments on old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements.

VI. Fund Equity

A. District-wide Net Position

Net position of the District include restricted net position of \$2,518,722 which represent restricted amounts in the general and debt service funds as presented below.

B. Assigned – Appropriated Fund Equity

General Fund - The amount of \$500,000 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2021 as allowed by Section 1318 of the Real Property Tax Law.

HAMMONDSPORT CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

VI. Fund Equity (continued)

C. Classifications

The District's fund equity is comprised of various components which include the following:

<u>Fund</u>	<u>Reservation Purposes</u>	<u>Balance June 30, 2020</u>
<i>Nonspendable</i>		
General	Reserve for Prepaid Expenses	\$ 2,700
School Food Service	Reserve for inventory	\$ 19,850
<i>Restricted</i>		
General	Unemployment insurance reserve	\$ 65,527
	Debt service reserve	17,227
	Transportation reserve	254,558
	Capital reserve technology	117,121
	Capital reserve 2014	27,152
	Reserve for repairs	28,614
	Reserve for retirement system	620,068
	Reserve for Teachers' Retirement System	85,752
	Workers Compensation reserve	131,789
	Employee benefit accrued liability reserve	823,706
		<u>\$ 2,171,514</u>
Debt Service	Reserve for debt	\$ 347,208
Private Purpose Trust	Reserve for scholarships	\$ 245,827
<i>Assigned</i>		
General	Reserve for encumbrances	\$ 47,656
	Appropriated fund balance	500,000
		<u>\$ 547,656</u>
School Food Service	Fund equity	\$ 27,610
Capital Projects	Fund equity	\$ 3,025,676

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

VII. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

The *Hammondspport Central School District* is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; natural disasters, etc. 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.

2. Risk Sharing Pools

For its employee health coverage, *Hammondspport Central School District* is a participant in the Steuben Area Schools Plan, a public entity risk pool operated for the benefit of 9 individual school districts. The School District pays monthly premiums to the Plan for this health coverage.

The Plan is authorized to assess supplemental premiums to the participating districts. The Plan provides coverage for its members up to \$250,000 per insured event. The Steuben Area Schools Plan obtains independent coverage for insured events in excess of this amount.

B. Federal and State Grants

The District has received grants reported in the special aid fund which are subject to audit by agencies of the state and federal government. Such audits may result in disallowances and a request for a return of funds. Based on past audits and no known significant areas of non-compliance, the District believes disallowances, if any, will not be material.

C. Compensated Absences

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, the value for accumulating, non-vesting sick leave is considered a contingent liability. The District reports approximately \$1,422,000 as of June 30, 2020 for accumulating non-vesting sick leave.

**HAMMONDSPORT CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

VII. Commitments and Contingencies (continued)

D. Litigation

The District, in the normal course of its operations, is involved in various litigation and arbitration cases. Management is of the opinion that any unfavorable outcome resulting from these actions would not have a material effect on the District's financial position.

NOTE 4 - CAPITAL PROJECTS

During the year ended June 30, 2020, the District had expenditures related to a capital outlay, energy performance contract and costs associated with the new capital project in the amount of \$93,764, \$332,133 and \$4,977,903, respectively.

In addition, the District transferred \$12,803 from the capital projects fund to the debt service fund related to interest and BAN premiums on the 2017 capital improvement project. The District also transferred \$6,275 from the capital projects fund to the general fund related to unspent funds on the 2020 capital outlay project.

NOTE 5 – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 16, 2020, which is the date the financial statements were available to be issued.

For the 2020-21 year, the District is following its reopening plan that was submitted to New York State in July 2020. The District will continue to evaluate the plan and make necessary changes based on District assessments, along with County and State guidance.

NOTE 6 – COVID 19 PANDEMIC

In March 2020, the World Health Organization declared the novel strain of COVID-19 (coronavirus) a global pandemic and has become increasingly widespread in the United States. The coronavirus outbreak has had a significant impact on financial markets and general economic conditions. As a result, the District was forced to close its school buildings and move to a remote learning environment for the remainder of the school year. The District froze certain spending but maintained the majority of its workforce and contracted services. The District also provided free breakfast and lunches to all students (except those who opted out) through the Federal Seamless Summer Food Service Program.

NOTE 6 – COVID 19 PANDEMIC (CONTINUED)

Also, in March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed which provides funding and emergency assistance to Organizations including public school Districts. The New York State Department of Education has allocated approximately \$145,000 of CARES Act assistance to the District which is for the funding period of March 13, 2020 through September 30, 2022.

As of June 30, 2020 the District has not applied any expenditures against this funding. In addition, 2020-21 State aid includes a reduced "Pandemic Adjustment" which is being offset with Federal Stimulus funds.

Lastly, New York State enacted 2020-21 budget grants the authority to the Division of Budget (DOB) Director to reduce aid-to-localities appropriations and disbursements by any amount needed to achieve a balanced budget, as estimated by DOB which includes the ability to withhold and reduce specific local aid payments during the fiscal year. The State budget is deemed out of balance for the fiscal year, and the Director's powers are activated, if actual tax receipts are less than 99 percent of estimated tax receipts, or actual disbursements are more than 101 percent of estimated disbursements, as measured at three points during the year (April 1-30, May 1-June 30, and July 1-December 31).

Given the uncertainty regarding the COVID-19 Pandemic, the overall financial impact to the District cannot be reasonably predicted or estimated at this time.

SUPPLEMENTARY INFORMATION

HAMMONDSPORT CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Adopted Budget	Revised Budget	Current Year's Revenue	Over (Under) Revised Budget
Revenues				
Local Sources:				
Real property taxes and tax items	\$ 8,829,130	\$ 8,829,130	\$ 8,827,428	\$ (1,702)
Real property tax items	12,000	12,000	13,623	1,623
Charges for services	27,000	27,000	133,712	106,712
Use of money and property	30,000	30,000	84,844	54,844
Sale of property and compensation for loss	-	-	16,225	16,225
Miscellaneous	100,000	100,000	209,759	109,759
State Sources:				
Basic formula	4,386,404	4,386,404	4,277,428	(108,976)
BOCES	345,108	345,108	345,855	747
Textbooks	32,916	32,916	23,475	(9,441)
All other aid	54,000	54,000	106,088	52,088
Federal Sources:				
Medicaid reimbursement	30,000	30,000	75,658	45,658
Total revenue	13,846,558	13,846,558	14,114,095	267,537
Other Sources				
Operating transfer in	-	-	17,092	17,092
Total revenue and other sources	13,846,558	13,846,558	\$ 14,131,187	\$ 284,629
Appropriated reserves	386,503	386,503		
Appropriated fund equity and encumbrances	764,094	997,961		
Supplemental appropriations	-	708,858		
Total revenue, other sources and appropriated fund equity	\$ 14,997,155	\$ 15,939,880		

See accompanying independent auditor's report.

	Adopted Budget	Revised Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
Expenditures					
General Support:					
Board of education	\$ 69,285	\$ 68,838	\$ 59,650	\$ -	\$ 9,188
Central administration	145,446	150,648	146,665	1,036	2,947
Finance	247,629	370,299	349,257	-	21,042
Staff	49,874	111,149	96,081	-	15,068
Central services	842,127	1,373,927	1,155,757	35,328	182,842
Special items	247,106	251,715	244,616	-	7,099
Instructional:					
Instruction, administration and improvement	437,940	414,299	393,220	673	20,406
Teaching - regular school	4,112,929	4,223,333	3,911,377	4,325	307,631
Programs for children with handicapping conditions	1,608,918	1,602,201	1,025,722	-	576,479
Occupational education	145,667	145,667	145,667	-	-
Instructional media	603,784	821,644	750,622	5,094	65,928
Pupil services	602,995	593,703	518,430	-	75,273
Pupil Transportation	858,605	869,099	731,131	1,200	136,768
Employee Benefits	3,693,031	3,550,400	2,899,004	-	651,396
Debt Service:					
Debt service principal	1,020,585	863,083	845,000	-	18,083
Debt service interest	201,234	201,819	219,902	-	(18,083)
Total expenditures	14,887,155	15,611,824	13,492,101	47,656	2,072,067
Other Uses:					
Transfer to other funds	110,000	328,056	321,998	-	6,058
Total other uses	110,000	328,056	321,998	-	6,058
Total expenditures and other uses	\$ 14,997,155	\$ 15,939,880	13,814,099	\$ 47,656	\$ 2,078,125
Excess of revenue and other sources over expenditures and other uses			\$ 317,088		

HAMMONDSPORT CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

Schedule SS1A

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	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
Revenue			
State sources	\$ 23,501	\$ 17,974	\$ (5,527)
Federal sources	230,874	219,090	(11,784)
Sales	16,500	9,944	(6,556)
Miscellaneous	4,425	6,242	1,817
Surplus food	28,000	18,672	(9,328)
Use of money and property	-	24	24
Total revenue	<u>303,300</u>	<u>271,946</u>	<u>(31,354)</u>
Expenditures			
General support	90,905	91,608	(703)
Employee benefits	44,053	41,226	2,827
Cost of sales	131,399	99,883	31,516
Other expenses	53,558	56,634	(3,076)
Total expenditures	<u>319,915</u>	<u>289,351</u>	<u>30,564</u>
Excess (deficiency) of revenue over expenditures	<u>\$ (16,615)</u>	<u>(17,405)</u>	<u>\$ (790)</u>
Fund equity, beginning of year		<u>64,865</u>	
Fund equity, end of year		<u>\$ 47,460</u>	

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

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 14,997,155
Additions:	
Prior year encumbrances	<u>233,867</u>
Original Budget	15,231,022
Budget Revisions:	
Supplemental Appropriation - Wastewater Treatment Project	274,500
Supplemental Appropriation - Technology Project	216,302
Supplemental Appropriation - Bus Purchases	<u>218,056</u>
Final budget	<u><u>\$ 15,939,880</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-21 voter-approved expenditure budget	\$ 14,887,079
Maximum allowed (4% of 2020-21 budget)	\$ 595,483

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

Unrestricted fund balance:	
Committed fund balance	\$ -
Assigned fund balance	547,656
Unassigned fund balance	<u>2,385,148</u>
Total unrestricted fund balance	<u>2,932,804</u>
Less:	
Appropriated fund balance	500,000
Insurance recovery reserve	-
Tax reduction reserve	-
Encumbrances included in committed and assigned fund balance	<u>47,656</u>
Total adjustments	<u>547,656</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 2,385,148</u></u>
Actual percentage	<u><u>16.0%</u></u>

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

HAMMONDSPORT CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2020

Schedule SS3

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Project Title	Original Appropriation	Revised Appropriation	Expenditures				Unexpended (Overexpended) Balance	Methods of financing				Fund Balance June 30, 2020	
			Prior Years	Current Year	Interfund Transfer	Total		Proceeds of Obligations	State Sources	Local Sources	Total		
Transportation vehicles - current year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 218,058	\$ 218,058	\$ 218,058
2020 Capital Outlay Project	100,000	100,000	-	93,764	6,275	100,039	(39)	-	-	100,039	100,039	-	
Energy Performance Contract	1,328,695	1,328,695	-	332,133	-	332,133	996,562	1,328,535	-	88	1,328,623	996,490	
2017 Capital Project	7,300,000	7,300,000	465,140	4,977,903	-	5,443,043	1,856,957	5,140,000	-	2,114,171	7,254,171	1,811,128	
	<u>\$ 8,728,695</u>	<u>\$ 8,728,695</u>	<u>\$ 465,140</u>	<u>\$ 5,403,800</u>	<u>\$ 6,275</u>	<u>\$ 5,875,215</u>	<u>\$ 2,853,480</u>	<u>\$ 6,468,535</u>	<u>\$ -</u>	<u>\$ 2,432,356</u>	<u>\$ 8,900,891</u>	<u>\$ 3,025,676</u>	

See accompanying independent auditor's report.

HAMMONDSPORT CENTRAL SCHOOL DISTRICT
BUDGET COMPARISON STATEMENT FOR STATE AND
OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

Schedule SS4A

Page 41

Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Summer school *	N/A	2020	N/A	\$ 19,771	\$ 19,771
Universal Pre-kindergarten	0409-20-7250	2020	\$ 54,000	54,000	54,000
School breakfast programs	N/A	2020	N/A	1,919	1,919
School lunch programs	N/A	2020	N/A	2,127	2,127
Summer snack program	N/A	2020	N/A	2,649	2,649
Boces Aid	N/A	2020	N/A	11,279	11,279
				<u>\$ 91,745</u>	<u>\$ 91,745</u>

* Included in revenue is an interfund transfer from the general fund for the local share of the grant in the amount of \$3,942.

HAMMONDSPORT CENTRAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Schedule SS4B

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the *Hammondspport Central School District* and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 - Non-monetary Federal Program

The accompanying *Hammondspport Central School District* is the recipient of a non-monetary federal award program. During the year ended June 30, 2020, the District reported in the Schedule of Federal Awards \$18,672 of donated commodities at fair market value received and disbursed.

Note 3 - Indirect Cost Rate

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

HAMMONDSPORT CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Schedule SS4C

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Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
US Department of Education:					
Direct Award					
REAP Small Rural School Achievement	84.358	S358A097246	\$ 12,299	\$ 12,299	\$ 12,299
Passed through NYS					
Department of Education:					
Title I	84.010A	0021-20-2910	134,667	131,909	131,909
Title II, Part A	84.367A	0147-20-2910	19,514	19,514	19,514
Title IVA	84.424A	0204-20-2910	10,134	10,134	10,134
IDEA Part B, Section 611 *	84.027A	0032-20-0867	105,126	105,126	105,126
IDEA Part B, Section 619 *	84.173A	0033-20-0867	2,678	2,678	2,678
US Department of Agriculture:					
Passed through NYS					
Department of Education:					
National School Breakfast and Seamless Summer Option Program **	10.553	N/A	N/A	43,530	43,530
National School Lunch and Seamless Summer Option Program **	10.555	N/A	N/A	167,709	167,709
National School Snack Program **	10.555	N/A	N/A	7,851	7,851
CN Equipment	10.579	N/A	7,249	7,249	7,249
Passed through NYS					
Office of General Services:					
National School Lunch Program					
Noncash assistance (Commodities) **	10.555	N/A	N/A	18,672	18,672
Total expenditures and revenue				\$ 526,671	\$ 526,671

* Constitutes a cluster of Federal programs

** Constitutes a cluster of Federal programs

Total expenditures of Federal Awards did not exceed \$750,000 and therefore, the District was not subjected to the single audit in accordance with Uniform Guidance.

HAMMONDSPORT CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
AS OF JUNE 30, 2020

Schedule SS5

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Capital Assets	\$ 20,649,243
Less:	
Serial bonds	(12,177,918)
Installment purchase debt - energy performance contract	(1,328,535)
Plus:	
BAN proceeds less capital expenditures	
Assets less related liabilities in the capital projects fund	<u>3,025,676</u>
Net investment in capital assets	<u><u>\$ 10,168,466</u></u>

HAMMONDSPORT CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET
OPEB LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30, 2018 THROUGH 2020

Schedule SS6

Page 44

As of the measurement date of June 30,	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 767,566	\$ 743,039	\$ 844,203
Interest	639,340	599,939	515,779
Differences between expected and actual experience	(589,032)	-	-
Changes in assumptions	(288,011)	(62,799)	(1,602,119)
Change in benefit terms	985,311	-	-
Benefit payments	(505,059)	(486,154)	(450,142)
Net change in total OPEB liability	1,010,115	794,025	(692,279)
Total OPEB liability - beginning	17,146,282	16,352,257	16,547,169
Prior period adjustment	-	-	497,367
Total OPEB liability - ending	<u>\$ 18,156,397</u>	<u>\$ 17,146,282</u>	<u>\$ 16,352,257</u>
Plan fiduciary net position			
Contributions - employer	\$ 505,059	\$ 486,154	\$ 450,142
Benefit payments	(505,059)	(486,154)	(450,142)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 District's net OPEB liability	 <u>\$ 18,156,397</u>	 <u>\$ 17,146,282</u>	 <u>\$ 16,352,257</u>
 Plan fiduciary net position as a percentage of total OPEB liability	 0.00%	 0.00%	 0.00%
 Covered-employee payroll	 \$ 6,059,675	 \$ 5,921,113	 \$ 5,914,331
 District's net OPEB liability as a percentage of covered-employee payroll	 299.63%	 289.58%	 276.49%

Notes to Schedule:

Benefit Changes: Effective January 1, 2019, Medicare eligible retirees moved to either the Aetna Medicare Advantage Plan A or the Aetna Medicare Advantage Plan C.

Changes in assumptions: Discount rate changes - 3.62% effective June 30, 2018 and 3.13 effective June 30, 2019
Mortality rates changed from using RPH-2014 tables with Scale MP-2017 to Pub-2010 tables with Scale MP-2018
Health care trend rates from 7.00% - 3.25%, decreased to 3.886% by 2075, in 2018 changed to 6.75% - 4.60%, decreased to 3.784% by 2075, in 2019

HAMMONDSPORT CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – OPEB
FOR THE YEARS ENDED JUNE 30, 2018 THROUGH 2020

Schedule SS7

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For the year ended June 30,	2020	2019	2018
Actuarially determined contributions	\$ 505,059	\$ 486,154	\$ 450,142
Contributions in relation to the actuarially determined contribution	(505,059)	(486,154)	(450,142)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6,059,675	\$ 5,921,113	\$ 5,914,331
Contributions as a percentage of District's covered-employee payroll	8.33%	8.21%	7.61%

Notes to Schedule

Valuation date: 7/1/2019

Actuarially determined contribution rates are based on expected benefit payments between the measurement date and fiscal year-end. payments between the measurement date and fiscal year end

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	3.13% as of June 30, 2019
Inflation	2.25% per year
Healthcare cost trend rates	2019 - 4.6%. Rates expected to decrease each year with an ultimate rate of 3.784% after 2075.
Salary increases	3.25% increase per year
Mortality	Pub-2010 Public Plans Mortality Table using Scale MP-2018
Retiree Cost Sharing	District pays 75% for single and family for administrators and 50% for single and families for all others
Participants	103 Actives, 89 Retirees and 5 Retiree Survivors

HAMMONDSPORT CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – NYSTRS AND NYSLERS
FOR THE YEARS ENDED JUNE 30, 2013 THROUGH 2020

Schedule SS8

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New York State Teachers' Retirement System

For the year ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 437,474	\$ 499,818	\$ 441,656	\$ 516,676	\$ 583,409	\$ 773,290	\$ 698,095	\$ 491,398
Contributions in relation to the contractually required contribution	(437,474)	(499,818)	(441,656)	(516,676)	(583,409)	(773,290)	(698,095)	(491,398)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,937,625	\$ 4,706,384	\$ 4,506,694	\$ 4,408,498	\$ 4,399,766	\$ 4,411,238	\$ 4,295,969	\$ 4,150,321
Contributions as a percentage of District's covered-employee payroll	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%

New York State Local Employees' Retirement System

For the year ended March 31,	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 158,037	\$ 166,134	\$ 165,943	\$ 162,880	\$ 192,502	\$ 219,242	\$ 217,736	\$ 196,642
Contributions in relation to the contractually required contribution	(158,037)	(166,134)	(165,943)	(162,880)	(192,502)	(219,242)	(217,736)	(196,642)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,155,867	\$ 1,123,654	\$ 1,139,980	\$ 1,105,122	\$ 1,164,371	\$ 1,244,707	\$ 1,055,700	\$ 1,045,597
Contributions as a percentage of District's covered-employee payroll	13.67%	14.79%	14.56%	14.74%	16.53%	17.61%	20.62%	18.81%

See accompanying independent auditor's report.

HAMMONDSPORT CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICTS PROPORTIONATE SHARE OF THE
NET PENSION ASSET – NYSTRS AND PROPORTIONATE SHARE OF
NET PENSION LIABILITY – NYLSERS
FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2020

New York State Teachers' Retirement System - Net Pension Asset (Liability)

As of the measurement date of June 30,	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension asset/(liability)	n/a	0.027424%	0.027667%	0.027820%	0.028513%	0.029366%	0.029083%	0.028334%
District's proportionate share of the net pension asset/(liability)	n/a	\$ 712,475	\$ 500,297	\$ 211,457	\$ (305,381)	\$ 3,050,239	\$ 3,239,632	\$ 186,509
District's covered-employee payroll	n/a	\$ 4,706,384	\$ 4,506,694	\$ 4,408,498	\$ 4,399,766	\$ 4,411,238	\$ 4,295,969	\$ 4,150,321
District's proportionate share of the net pension asset/(liability) as a percentage of its covered employee payroll	n/a	15.14%	11.10%	4.80%	6.94%	69.15%	75.41%	4.49%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	n/a	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

New York State Local Employees' Retirement System - Net Pension (Liability)

As of the measurement date of March 31,	2019	2018	2018	2017	2016	2015	2014	2013
District's proportion of the net pension (liability)	0.0035894%	0.0034219%	0.0036358%	0.0038836%	0.0039626%	0.0039792%	n/a	n/a
District's proportionate share of the net pension (liability)	\$ (950,494)	\$ (242,451)	\$ (117,344)	\$ (364,912)	\$ (636,011)	\$ (134,427)	\$ (179,814)	n/a
District's covered-employee payroll	\$ 1,155,867	\$ 1,123,654	\$ 1,139,980	\$ 1,105,122	\$ 1,164,371	\$ 1,244,707	\$ 1,055,700	n/a
District's proportionate share of the net pension (liability) as a percentage of its covered employee payroll	82.23%	21.58%	10.29%	33.02%	54.62%	10.80%	17.03%	n/a
Plan fiduciary net position as a percentage of the total pension (liability)	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	n/a	n/a

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

**To the President and
Members of the Board of Education
Hammondsport Central School District
Hammondsport, New York**

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of *Hammondsport Central School District* as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise *Hammondsport Central School District's* basic financial statements and have issued our report thereon dated September 16, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified one deficiency in internal control over financial reporting that we consider to be significant deficiency described in the accompanying schedule of findings and questioned costs as item II.A. 2020-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Hammondsport Central School District's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item II.B.2020-002.

Hammondsport Central School District's Responses to Findings

Hammondsport Central School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. *Hammondsport Central School District's* responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not provided 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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 16, 2020**

**HAMMONDSPORT CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Page 50

I. SUMMARY OF AUDIT RESULTS

1. The independent auditor's report expresses an unmodified opinion on the financial statements of *Hammondspport Central School District*.
2. One significant deficiency relating to the audit of the financial statements is reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Governmental Auditing Standards". This significant deficiency is described in the accompanying schedule of findings and questioned costs as item II.A.2020-001.
3. There was one instance of noncompliance material to the financial statements of *Hammondspport Central School District* reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Government Auditing Standards". This instance of noncompliance is reported as item II.B.2020-002.
4. A single audit in accordance with Uniform Guidance was not required during the fiscal year ended June 30, 2020, as the District's expenditures of Federal Awards were below \$750,000.

II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2020-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2020

Condition and Criteria: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to converting to the full accrual method for government-wide financial statement purposes. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District.

Cause and Effect: AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency. Without this assistance, the potential risk exists of the District's financial statements not conforming to generally accepted accounting principles.

Auditor's Recommendation: Although auditors may continue to provide such assistance both now and in the future, under the new pronouncement, the District should continue to review and accept both proposed adjusting journal entries and footnote disclosures, along with the draft financial statements.

School District's Response: The District has received, reviewed and approved all journal entries, footnote disclosures and draft financial statements proposed for the current year audit and will continue to review similar information in future years. Further the District believes it has a thorough understanding of these financial statements and the ability to make informed judgments based on these financial statements.

B. COMPLIANCE AND OTHER MATTERS

2020-002 Unassigned Fund Balance

Year ended June 30, 2020

Conditions and criteria: **Hammondspport Central School District's** unassigned fund balance in the general fund as of June 30, 2020 amounted to approximately \$2,385,000. This amount constitutes approximately 16.0% of the 2020-2021 school budget.

Cause and Effect: The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Auditor's Recommendation: **Hammondspport Central School District** should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation and designation of fund balance.

School District's Response: **Hammondspport Central School District** realizes that its unassigned fund balance as of June 30, 2020 was in excess of the NYS mandated 4% level. The District has and will continue to closely monitor fund balance in the future and will review all options with regards to reservation and designation of fund balance.

I. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2019-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2019

Summary of Prior Year Finding: Adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District. AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended June 30, 2020 as finding 2020-001.

A. COMPLIANCE AND OTHER MATTERS

2019-002 Unassigned Fund Balance

Year Ended June 30, 2019

Summary of Prior Year Finding: *Hammondspport Central School District's* unassigned fund balance as of June 30, 2019 amounted to approximately \$1,129,000. This amount constitutes approximately 7.5% of the 2019-2020 school budget. The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Current Status: Similar finding related to compliance and other matters is being reported upon during the year ended June 30, 2020 as finding 2020-002.

**To the President and Members of the
Board of Education
and School Administration
Hammondsport Central School District
Hammondsport, New York**

Ladies and Gentlemen:

We have completed our audit for the year ended June 30, 2020 of the District's financial statements and have issued our reports thereon dated September 16, 2020. Our audit report expressed an unmodified opinion which states that the District's financial statements are in accordance with generally accepted accounting principles for governments and school districts located in New York State. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by *Government Auditing Standards*.

In planning and performing our audit of the financial statements of the *Hammondsport Central School District* for the year ended June 30, 2020, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation.

Attached to this letter is a schedule of revenue and expense comparisons (modified accrual basis) and analysis of fund equity for the school years ended June 30, 2016 through June 30, 2020. In addition, we have also presented a summary of additional comments which we desire to bring to the board and administration's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon primarily by the business staff. *Hammondsport Central School District* has provided responses to the additional comments, however, we did not audit these responses and, accordingly, we express no opinion on them.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 16, 2020**

HAMMONDSPORT CENTRAL SCHOOL DISTRICT
REVENUE AND EXPENDITURES COMPARISON AND ANALYSIS OF FUND
EQUITY - GENERAL FUND (AMOUNTS IN \$1,000)

	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Revenue and other sources					
Property taxes	\$ 8,841	\$ 8,674	\$ 8,476	\$ 8,339	\$ 8,363
State aid	4,753	4,619	4,657	4,463	4,426
All other	537	537	444	366	404
	<u>14,131</u>	<u>13,830</u>	<u>13,577</u>	<u>13,168</u>	<u>13,193</u>
Expenditures and other uses					
General support	2,052	1,522	1,577	1,379	1,456
Instruction	6,745	6,980	6,748	6,448	6,399
Transportation	731	681	714	663	498
Benefits	2,899	2,989	3,041	3,013	2,856
Debt	1,065	1,042	1,045	1,037	1,164
Transfers	322	112	2,211	107	216
	<u>13,814</u>	<u>13,326</u>	<u>15,336</u>	<u>12,647</u>	<u>12,589</u>
Excess (deficiency) of revenue over expenditures	317	504	(1,759)	521	604
Fund equity					
Beginning of year	4,790	4,286	6,045	5,524	4,920
End of year	<u>\$ 5,107</u>	<u>\$ 4,790</u>	<u>\$ 4,286</u>	<u>\$ 6,045</u>	<u>\$ 5,524</u>
Analysis of fund equity					
Nonspendable					
Prepaid expenses	\$ 3	\$ -	\$ -	\$ 6	\$ 5
Restricted					
Reserve for repairs	28	28	314	327	327
Reserve for debt service	17	23	28	34	40
Reserve for capital	399	533	601	2,602	1,801
Reserve for employee benefits	824	965	1,006	955	1,055
Reserve for employees retirement system	620	763	905	855	955
Reserve for teachers retirement system	86	85	-	-	-
Reserve for unemployment insurance	65	70	85	100	100
Reserve for workers' compensation	132	196	156	121	171
Assigned					
Reserve for encumbrances	48	234	34	2	55
Next year's budget	500	764	400	378	335
Unassigned	<u>2,385</u>	<u>1,129</u>	<u>757</u>	<u>665</u>	<u>681</u>
	<u>\$ 5,107</u>	<u>\$ 4,790</u>	<u>\$ 4,286</u>	<u>\$ 6,045</u>	<u>\$ 5,524</u>

**HAMMONDSPORT CENTRAL SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Page 3

Future Governmental Accounting Standards

In May 2020, the Governmental Accounting Standards Board issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which extends the implementation dates of new GASB standards for an additional year, including two standards outlined below that may have significance to the District.

GASB 84 – Fiduciary Activities

In 2017, the Governmental Accounting Standards Board issued Statement No. 84, Fiduciary Activities, which will be effective for the fiscal year ending June 30, 2021. This new standard's objective is to improve the guidance regarding the identification and reporting of fiduciary activities and focuses on the source of the revenue and control over activity assets. One of the characteristics of a fiduciary activity as defined by the standard are that the assets are for the benefit of individuals and the district does not have administrative involvement with the assets or direct financial involvement with the assets. School districts will be required to evaluate activity currently recorded in the trust and agency fund, including extraclassroom activities. Those activities that do not meet the fiduciary definition will be required to be reported in the governmental funds, either in the general fund or special revenue fund. The change also affects how certain fiduciary activities, custodial funds, are reported by requiring additions and subtractions to be included on the Statement of Changes in Fiduciary Net Position. We recommend the District review the new fiduciary activity standard to ensure proper adherence.

GASB 87- Accounting for Leases

In 2017, the Governmental Accounting Standards Board issued Statement No. 87, Accounting for Leases, which will be effective for the fiscal year ending June 30, 2022. The primary objective of this is new standard is to bring most leases onto the balance sheet. The goal is to determine if any operating leases contain a right-to-use asset and record an asset and liability related to that lease. Also under the new standard there will be changes in the terms used for the two classifications; operating leases and finance leases (previously capital leases). We recommend that the District begin to collect pertinent data on all lease agreements for evaluation along with familiarizing themselves with the new lease standard, which may include continuing education, webinars and further training.

District response: The District has very few current lease agreements with vendors other than a BOCES. We will work with our other few vendors to make sure current agreements are in line with the new requirements.

COVID-19 Pandemic

Federal Aid

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed which provides funding and emergency assistance to school Districts. The New York State Department of Education has allocated approximately \$145,000 of CARES Act assistance to the District which is for the funding period of March 13, 2020 through September 30, 2022. We recommend the District continue to review Federal guidance, including compliance requirements, related to this funding.

Internal Controls IT Risks

During the initial phases of the Pandemic, certain processes of the District that were previously performed in-person were completed remotely. Because significant data is being transmitted electronically, the District may consider performing a penetration/security test of its IT network. In addition, the District shall continue to periodically review listing of employees with access to the internal local area network to determine if accounts should be disabled or deleted and continue to periodically review user access rights to determine that employees only have rights that are commensurate with their job responsibilities.

District response: The District is in the process of fully implementing Ed Law 2D and Part 121 Regulations. This will restrict platforms we use to only those that have a contract in place that is 2D compliant and clearly details student data protections in place. The IT Department reviews user access of all District platforms and networks two times a year, along with an off-boarding process for employees, that should allow us to catch any accounts and users that need to be disabled.

**HAMMONDSPORT CENTRAL SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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Capital Project Fund

During the year, the District incurred approximately \$18,083 in incidental costs associated with its 2017 capital project. Although the vendor contracts are approved by the Board of Education, the incidental costs are not commonly included in the approved amount. We recommend that the Board consider approving a not to exceed amount for incidental costs when approving such contracts. Any costs that exceed the threshold would then receive subsequent approval similar to a change order.

During the current year, it appeared that a duplicate payment was made in the capital projects fund related to an error in the invoicing from a contractor. We recommend that the District compare payments-to-date presented on invoices from its contractors with expenditures reported in the general ledger to verify amounts are consistent.

District response: The District will ensure that ancillary, incidental costs in excess of said contract be capped at a "not to exceed" amount in order to track and control costs in relation to construction contracts.

Fund Balance Reserves

The Comptroller's Office has taken the position in certain audit reports of other districts, that compensated absences that only cash payments made at the time of retirement are eligible to be funded utilizing the Employee Benefit Accrued Liability Reserve (EBALR). We recommend that the District review this position and determine whether its current funding levels are appropriate or if there are any alternatives with respect to its payment of compensated absences in the future.

District's response: The District has been working with its legal counsel and auditors regarding appropriate usage of the EBALR reserve.

HAMMONDSPORT CENTRAL SCHOOL DISTRICT

***EXTRACLASSROOM ACTIVITY FUND
FINANCIAL STATEMENT***

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

***WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS***

**HAMMONDSPORT CENTRAL SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUND**

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INDEPENDENT AUDITOR'S REPORT

**To the President and
Members of the Board of Education
Hammondsport Central School District
Hammondsport, New York**

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Fund of the **Hammondsport Central School District** for the year ended June 30, 2020, and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash transactions of the Extraclassroom Activity Fund of the **Hammondsport Central School District** for the year ended June 30, 2020 on the basis of accounting described in Note 1.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 16, 2020**

HAMMONDSPORT CENTRAL SCHOOL DISTRICT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS – CASH BASIS
JULY 1, 2019 THROUGH JUNE 30, 2020

	Balances June 30, 2019	Total Receipts 2019-20	Total Receipts & Balances	Total Payments 2019-20	Balances June 30, 2020
Class of 2019	\$ 1,202	\$ -	\$ 1,202	\$ 1,202	\$ -
Class of 2020	4,292	1,650	5,942	2,751	3,191
Class of 2021	8,645	5,189	13,834	4,418	9,416
Class of 2022	3,530	3,369	6,899	1,938	4,961
Class of 2023	202	5,991	6,193	4,052	2,141
Class of 2024	996	500	1,496	1,496	-
Chorus	749	-	749	-	749
Drama Club	6,222	6,716	12,938	5,393	7,545
Student Council	4,317	4,392	8,709	5,269	3,440
Yearbook Club	4,759	4,932	9,691	3,446	6,245
Ski Club	1,965	500	2,465	643	1,822
Senior Trip Student Aid Fund	5,212	716	5,928	-	5,928
Sales Tax	626	704	1,330	1,291	39
Total activity fund	\$ 42,717	\$ 34,659	\$ 77,376	\$ 31,899	\$ 45,477

**HAMMONDSPORT CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
NOTE TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020**

Page 3

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Fund are not considered part of the reporting entity of *Hammondspport Central School District*. Consequently, such transactions are not included in the financial statements of the School District. However, cash balances of \$45,477 are included in the Trust and Agency Fund as restricted cash, with a corresponding amount recorded as a liability in the Fund.

The accounts of the Extraclassroom Activity Fund of *Hammondspport Central School District* are maintained on a cash basis, and the statement of cash receipts and disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets, and accrued income and expenses, which would be recognized under generally accepted accounting principles, and which may be material in amount, are not recognized in the accompanying financial statement.



To the President and Members of the
Board of Education
and School Administration
Hammondspport Central School District
Hammondspport, New York

Ladies and Gentlemen:

In planning and performing our audit of the statement of cash receipts and disbursements – cash basis of the Extraclassroom Activity Fund of *Hammondspport Central School District* as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered *Hammondspport Central School District's* internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of *Hammondspport Central School District's* internal control. Accordingly, we do not express an opinion on the effectiveness of *Hammondspport 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

During the course of our audit of the Extraclassroom Activity Fund, we noted the following item:

Gross Margin Analysis

At the conclusion of the fundraiser, the activity is expected to compare the actual revenue and expenditures to the expected results. We recommend that going forward a gross margin analysis be completed for each individual fundraiser. Further, we recommend that the analysis be reviewed by someone in an oversight role to ensure that fundraisers meet budgeted expectations and achieve appropriate margins.

Funds Raised for Certain Purposes

School districts were faced with difficult decisions during school closures resulting from the Pandemic including what to do with funds raised by students for certain purposes (i.e. student trip) that didn't take place. We recommend that the District develop a policy to address this situation if it occurs in the future and consider reviewing the policy with its legal counsel.

This communication is intended solely for the information and use of management, Board of Education, and others within *Hammondspport Central School District*, and is not intended to be, and should not be, used by anyone other than these specified parties.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 16, 2020**



September 16, 2020

To the Audit Committee
and Board of Education
Hammondsport Central School District
Hammondsport, New York

We have audited the financial statements of **Hammondsport Central School District** as of and for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Governmental Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 17, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by **Hammondsport Central School District** are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2020. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements were:

Management's estimate of depreciation is based on estimates of useful lives of assets and cost basis of certain assets were derived from a third-party independent appraisal company. We evaluated the key factors and assumptions used to develop depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

In addition, the District also has estimated future costs associated with pension and other post-employment benefits and has recorded a net pension asset (TRS), a net pension liability (ERS) and an other post-employment benefit liability based on an actuarial study performed by a third-party actuary. We evaluated the key assumptions used to develop this study and its reasonableness in relation to the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures on long-term debt in Note 3V and COVID-19 Pandemic in Note 6 to the financial statements, due to their significance.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 16, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison information, schedule of funding progress, schedule of the District's share of the net pension asset/liability, and the schedule of the District's contributions for defined benefit pension plans, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, including combining and individual fund financial statements, the schedule of expenditures of federal awards, and other schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board and management of [*Hammondspport Central School District*](#) and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.