

# HOMER CENTRAL SCHOOL DISTRICT

Homer, New York

## EXECUTIVE SUMMARY

For the Year Ended  
June 30, 2021



# HOMER CENTRAL SCHOOL DISTRICT

## EXECUTIVE SUMMARY OF 2021 AUDIT REPORT AND FINDINGS

### Basic Financial Statements

Independent Auditors' Report on Basic Financial Statements.

### Description of Report and Findings

**Unmodified opinion** on the School District's basic financial statements for the year ended June 30, 2021.

Independent Auditors' Report on Supplementary Financial Information.

**Unmodified opinion** on supplementary financial information in relation to the primary audit report.

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.

Report on the School District's compliance with laws and regulations that may have a direct and material effect on the basic financial statements and on the School District's internal control structure, policies, and procedures based on the auditors' understanding of the internal control structure and assessment of control risk obtained as part of the audit of the basic financial statements. This report identified **no instances of noncompliance and no material internal control weaknesses**. A separate letter dated October 13, 2021 has been issued.

### Single Audit (Uniform Guidance) Report

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with Uniform Guidance.

Report on 1) the School District's internal control structure policies and procedures used in administering federal award programs; 2) compliance with general requirements of the School District's federal awards; and 3) compliance with specific requirements applicable to each major program. This report identified **no material instances of noncompliance and no material internal control weaknesses** regarding compliance in accordance with Uniform Guidance.

There are several federal award program expenditures that amounted to a total of \$2,098,250.

Communication With Those Charged With Governance at the Conclusion of the Audit.

A letter that specifically addresses certain required communications to the Board of Education in accordance with professional standards. There were **no comments of concern** to be reported regarding the following:

- Qualitative Aspects of Accounting Practices
- Difficulties Encountered in Performing the Audit
- Corrected or Uncorrected Misstatements
- Disagreements with Management
- Management Representations
- Management Consultations with Other Independent Accountants
- Other Audit Findings or Issues
- Other Matters

Independent Auditors' Report on Extraclassroom Activity Funds.

**Unmodified opinion** on the School District's Extraclassroom Activity Fund cash basis financial statements for the year ended June 30, 2021.

Management Comment Letter

Letter of comments dated October 13, 2021 discusses several issues.

# ***HOMER CENTRAL SCHOOL DISTRICT***

## **EXECUTIVE SUMMARY OF 2021 AUDIT DISCUSSION ITEMS**

### **Impact of Future Standards of the Governmental Accounting Standards Board (GASB)**

The School District is in the process of assessing the future effects of each of the following:

- GASB has issued Statement No. 87, “Leases,” effective for the year ending June 30, 2022.
- GASB has issued Statement No. 89, “Accounting for Interest Cost Incurred Before the End of a Construction Period,” effective for the year ending June 30, 2022.
- GASB has issued Statement No. 92, “Omnibus 2020,” effective for the year ending June 30, 2022.

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

# HOMER CENTRAL SCHOOL DISTRICT

## FIVE YEAR FINANCIAL STATEMENT ANALYSIS - FUND BASIS

General Fund	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018	JUNE 30, 2017
<b>ASSETS</b>					
Cash	\$ 7,461,706	\$ 7,664,708	\$ 8,285,494	\$ 8,421,994	\$ 8,090,185
Receivables	1,739,408	1,573,585	1,541,835	1,846,296	2,463,627
Prepaid Expenses	-	-	152,089	-	-
Due from Other Funds	1,511,313	1,191,414	1,097,988	1,462,738	1,152,389
<b>Total Assets</b>	<b>\$ 10,712,427</b>	<b>\$ 10,429,707</b>	<b>\$ 11,077,406</b>	<b>\$ 11,731,028</b>	<b>\$ 11,706,201</b>
<b>LIABILITIES</b>					
Accounts Payable and Accruals	\$ 421,439	\$ 896,359	\$ 867,913	\$ 987,704	\$ 496,004
Due to Other Funds	765,500	470,210	478,092	984,142	1,207,228
Due to Other Governments	2	2	2	-	-
Due to Retirement Systems	1,745,213	1,611,746	1,839,011	1,691,214	1,980,285
Unearned Revenue	1,500	-	10,500	8,750	6,650
<b>Total Liabilities</b>	<b>2,933,654</b>	<b>2,978,317</b>	<b>3,195,518</b>	<b>3,671,810</b>	<b>3,690,167</b>
<b>FUND BALANCE</b>					
Nonspendable	-	-	152,089	-	-
Restricted	4,821,940	4,993,980	4,990,110	5,484,419	5,483,519
Assigned	1,186,187	804,269	1,374,881	912,740	897,150
Unassigned	1,770,646	1,653,141	1,364,808	1,662,059	1,635,365
<b>Total Fund Balances</b>	<b>7,778,773</b>	<b>7,451,390</b>	<b>7,881,888</b>	<b>8,059,218</b>	<b>8,016,034</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,712,427</b>	<b>\$ 10,429,707</b>	<b>\$ 11,077,406</b>	<b>\$ 11,731,028</b>	<b>\$ 11,706,201</b>
<b>REVENUES</b>					
Real Property, Nonproperty, and Other Taxes (Including STAR)	\$ 16,928,908	\$ 16,612,691	\$ 16,304,967	\$ 16,002,395	\$ 15,979,650
State Aid	23,905,068	23,944,270	23,690,247	23,068,409	22,999,294
Federal Aid	483,402	33,772	48,171	31,479	26,635
Other	485,377	514,088	599,574	525,231	626,717
Transfers In	100,000	308,234	308,234	-	3,200,211
<b>Total Revenues</b>	<b>41,902,755</b>	<b>41,413,055</b>	<b>40,951,193</b>	<b>39,627,514</b>	<b>42,832,507</b>
<b>EXPENDITURES</b>					
General Support	3,702,688	3,788,750	3,604,664	3,596,965	4,155,947
Instruction	21,865,571	22,274,327	21,527,127	21,066,783	19,867,314
Transportation	1,749,811	1,788,510	1,790,854	1,659,508	1,604,832
Community Services	19,244	18,741	18,053	17,495	16,953
Employee Benefits	9,838,881	9,431,279	9,360,687	8,674,657	8,580,805
Debt Service	4,296,295	4,400,740	4,295,000	4,535,170	8,023,363
Interfund Transfers and Other	102,882	141,206	532,138	33,752	359,895
<b>Total Expenditures</b>	<b>41,575,372</b>	<b>41,843,553</b>	<b>41,128,523</b>	<b>39,584,330</b>	<b>42,609,109</b>
Change in Fund Balance	<b>\$ 327,383</b>	<b>\$ (430,498)</b>	<b>\$ (177,330)</b>	<b>\$ 43,184</b>	<b>\$ 223,398</b>
<b>Capital Outlay</b>	<b>\$ 2,350,569</b>	<b>\$ 100,000</b>	<b>\$ 1,582,239</b>	<b>\$ 236,262</b>	<b>\$ 11,171,783</b>
<b>Special Aid Expenditures</b>	<b>\$ 1,181,588</b>	<b>\$ 1,364,584</b>	<b>\$ 1,249,409</b>	<b>\$ 1,327,612</b>	<b>\$ 1,279,426</b>
<b>School Lunch: Revenues</b>	<b>\$ 678,534</b>	<b>\$ 879,658</b>	<b>\$ 1,008,661</b>	<b>\$ 974,452</b>	<b>\$ 954,004</b>
<b>School Lunch: Expenditures</b>	<b>\$ 770,686</b>	<b>\$ 970,531</b>	<b>\$ 1,002,030</b>	<b>\$ 971,105</b>	<b>\$ 975,321</b>
<b>Misc. Special Revenue - Revenues</b>	<b>\$ 660</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Misc. Special Revenue - Expenditures</b>	<b>\$ 2,955</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*Note: Abstracted from Audited Financials. See Audit Reports for Complete Information.*

# HOMER CENTRAL SCHOOL DISTRICT

## FIVE YEAR GENERAL FUND BALANCE ANALYSIS

	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>	<u>JUNE 30, 2017</u>
<b>Fund Balance</b>					
<b>Nonspendable</b>					
Prepaid Items	\$ -	\$ -	\$ 152,089	\$ -	\$ -
<b>Total Nonspendable</b>	<u>-</u>	<u>-</u>	<u>152,089</u>	<u>-</u>	<u>-</u>
<b>Restricted</b>					
Workers' Compensation Reserve	<b>1,066,863</b>	1,066,543	1,066,067	1,065,580	1,065,310
Unemployment Insurance Reserve	<b>248,446</b>	248,420	248,065	247,574	247,549
Retirement Contribution Reserve	<b>1,436,996</b>	1,609,517	1,607,215	1,604,038	1,603,874
Tax Certiorari Reserve	<b>100,010</b>	100,109	100,380	200,020	200,000
Employee Benefit Accrued Liability Reserve	<b>1,837,674</b>	1,837,454	1,836,634	1,835,795	1,835,429
Capital Reserve	<b>131,951</b>	131,937	131,749	531,412	531,357
<b>Total Restricted</b>	<u><b>4,821,940</b></u>	<u>4,993,980</u>	<u>4,990,110</u>	<u>5,484,419</u>	<u>5,483,519</u>
<b>Assigned</b>					
Appropriated for Next Year's Budget	<b>680,000</b>	680,000	680,000	680,000	680,000
Encumbrances	<b>506,187</b>	124,269	694,881	232,740	217,150
<b>Total Assigned</b>	<u><b>1,186,187</b></u>	<u>804,269</u>	<u>1,374,881</u>	<u>912,740</u>	<u>897,150</u>
<b>Unassigned</b>					
Remaining Fund Balance	<u><b>1,770,646</b></u>	<u>1,653,141</u>	<u>1,364,808</u>	<u>1,662,059</u>	<u>1,635,365</u>
<b>Total Unassigned</b>	<u><b>1,770,646</b></u>	<u>1,653,141</u>	<u>1,364,808</u>	<u>1,662,059</u>	<u>1,635,365</u>
<b>Total Fund Balance</b>	<u><u><b>\$ 7,778,773</b></u></u>	<u><u>\$ 7,451,390</u></u>	<u><u>\$ 7,881,888</u></u>	<u><u>\$ 8,059,218</u></u>	<u><u>\$ 8,016,034</u></u>
Unassigned as a Percentage of Total Fund Balance	<b>22.76%</b>	22.19%	17.32%	20.62%	20.40%
<b>Total Expenditures</b>	<b>\$ 41,575,372</b>	\$ 41,843,553	\$ 41,128,523	\$ 39,584,330	\$ 42,609,109
Unassigned as a Percentage of Total Expenditures	<b>4.26%</b>	3.95%	3.32%	4.20%	3.84%
Next Year's Budget is a Voter Approved Budget	<b>\$44,266,152</b>	\$44,292,939	\$43,220,650	\$42,055,168	\$40,884,142
Maximum Allowed (4% of Budget)	<b>1,770,646</b>	1,771,718	1,728,826	1,682,207	1,635,366
General Fund Fund Balance Subject to §1318 of Real Property Law	<b>1,770,646</b>	1,653,141	1,364,808	1,662,059	1,635,365
Actual Percentage	<b>4.00%</b>	3.73%	3.16%	3.95%	4.00%

*Note: Abstracted from Audited Financials. See Audit Reports for Complete Information.*

# HOMER CENTRAL SCHOOL DISTRICT

## TWO YEAR GENERAL FUND BUDGET ANALYSIS

	2021				
	Original Budget	Revised Budget	Actual w/ Encumbrances	Variance Fav. (Unfav.)	Variance Fav. (Unfav.)
<b>REVENUES</b>					
Real Property Taxes	\$14,781,181	\$14,781,181	\$ 14,781,181	\$ -	-
Other Tax Items	2,148,063	2,148,063	2,147,727	(336)	(0.0)%
State Sources	25,135,348	25,135,348	23,905,068	(1,230,280)	(4.9)%
Other, Including Financing Sources	1,548,347	1,548,347	1,068,779	(479,568)	(31.0)%
<b>Total Revenues and Other Financing Sources</b>	<b>43,612,939</b>	<b>43,612,939</b>	<b>\$ 41,902,755</b>	<b>\$(1,710,184)</b>	<b>(3.9)%</b>
Appropriated Fund Balance	680,000	680,000			
Encumbrances Carried Forward from Prior Year	124,269	124,269			
<b>Total Revenues</b>	<b>\$44,417,208</b>	<b>\$44,417,208</b>			
<b>EXPENDITURES</b>					
General Support	\$ 4,041,251	\$ 4,172,347	\$ 3,740,998	\$ 431,349	10.3%
Instruction	23,329,623	23,581,169	22,333,448	1,247,721	5.3%
Pupil Transportation	2,334,319	1,889,525	1,749,811	139,714	7.4%
Community Service	-	19,244	19,244	-	-
Employee Benefits	10,595,215	10,203,657	9,838,881	364,776	3.6%
Debt Service	4,016,800	4,448,384	4,296,295	152,089	3.4%
Other Financing Uses	100,000	102,882	102,882	-	-
<b>Total Expenditures</b>	<b>\$44,417,208</b>	<b>\$44,417,208</b>	<b>\$ 42,081,559</b>	<b>\$ 2,335,649</b>	<b>5.3%</b>
<b>2020</b>					
<b>REVENUES</b>					
Real Property Taxes	\$14,274,750	\$14,274,750	\$ 14,328,100	\$ 53,350	0.4%
Other Tax Items	2,340,154	2,340,154	2,284,591	(55,563)	(2.4)%
State Sources	25,020,143	25,020,143	23,944,270	(1,075,873)	(4.3)%
Other, Including Financing Sources	905,603	905,603	856,094	(49,509)	(5.5)%
<b>Total Revenues and Other Financing Sources</b>	<b>42,540,650</b>	<b>42,540,650</b>	<b>\$ 41,413,055</b>	<b>\$(1,127,595)</b>	<b>(2.7)%</b>
Appropriated Fund Balance	680,000	680,000			
Encumbrances Carried Forward from Prior Year	694,881	694,881			
<b>Total Revenues</b>	<b>\$43,915,531</b>	<b>\$43,915,531</b>			
<b>EXPENDITURES</b>					
General Support	\$ 3,950,809	\$ 4,102,057	\$ 3,901,867	\$ 200,190	4.9%
Instruction	23,441,797	23,282,361	22,279,511	1,002,850	4.3%
Pupil Transportation	2,302,108	2,139,467	1,794,218	345,249	16.1%
Community Service	-	18,741	18,741	-	-
Employee Benefits	9,897,517	9,830,959	9,431,539	399,420	4.1%
Debt Service	4,223,300	4,400,740	4,400,740	-	-
Other Financing Uses	100,000	141,206	141,206	-	-
<b>Total Expenditures</b>	<b>\$43,915,531</b>	<b>\$43,915,531</b>	<b>\$ 41,967,822</b>	<b>\$ 1,947,709</b>	<b>4.4%</b>

*Note: Abstracted from Audited Financials. See Audit Reports for Complete Information.*

# ***HOMER CENTRAL SCHOOL DISTRICT***

## **EXECUTIVE SUMMARY OF 2021 AUDIT**

### **AUDIT FOCUS - REPORTING OBJECTIVES**

#### 1) Basic Financial Statements

- \*Management's Discussion and Analysis
- \*District-Wide Financial Statements
  - \*Statement of Net Position
  - \*Statement of Activities
- \*Governmental Fund Financial Statements
- \*Notes to Financial Statements
- \*Supplementary Information

Independent Auditor's Report

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

#### 2) Single Audit (Uniform Guidance) Requirements for Federal Awards

- \*Schedule of Federal Award Expenditures
- \*Compliance With Applicable Requirements
- \*Internal Control Over Compliance

#### 3) Extraclassroom Activity Funds of the School District

- \*Independent Auditors' Report

### **AUDIT APPROACH**

- \*Preliminary Planning
- \*Consideration of Internal Control Over Financial Reporting
- \*Tests of Controls
- \*Tests of Compliance With Laws and Regulations
- \*Substantive Testing of Financial Information (Includes Analytical Review)
- \*Single Audit Tests of Compliance With Applicable Requirements
- \*Consideration of Internal Control Over Compliance Requirements

### **UNDERSTANDING THE SCHOOL DISTRICT'S OPERATIONS**

- \*Services Provided
- \*Assessment of Accounting and Reporting System
- \*Nature of Activities
- \*Special Reporting Requirements
- \*Nature of Compliance Requirements
- \*Assessment of Management

### **FACTORS AFFECTING THE SCOPE OF THE AUDIT**

- \*Effectiveness of Overall Financial Controls
- \*Qualifications of Key Personnel
- \*Appropriate Segregation of Duties
- \*Ability to Demonstrate Compliance With Laws and Regulations
- \*Effectiveness of Budget Process Administration
- \*Accuracy and Comprehensiveness of Internal Reporting
- \*Existence of Adequate Policies and Procedures
- \*Ability to Issue Timely and Accurate Financial Reports



**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE  
AT THE CONCLUSION OF THE AUDIT**

Board of Education  
Homer Central School District  
Homer, New York

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Homer Central School District (the School District) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, 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 September 21, 2021. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Matters**

**Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School District are described in Note 1 to the financial statements. During the year ended June 30, 2021, the School District adopted Government Accounting Standards Board (GASB) Statement No. 84, "Fiduciary Activities." Other than the adoption of GASB Statement No. 84, no new accounting policies were adopted, and the application of existing policies was not changed during 2021. We noted no transactions entered into by the School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 estimates affecting the School District's financial statements were: other postemployment benefits obligations, compensated absences, depreciation expense, and pension obligations.



Management's estimates of other postemployment benefits obligations, compensated absences, depreciation expense, and pension obligations are based on various assumptions. Other postemployment benefits obligations estimates are based on actuarial calculations. The compensated absences estimate, which includes accrued sick time, is based on hours accrued and pay rates. Depreciation expense estimates are based on the historical cost of assets and their estimated useful lives, and pension obligations are based on the School District's proportionate share of the NYS Retirement System Plan assets/liabilities. We evaluated the key factors and assumptions used to develop the other postemployment benefits obligations, pension obligations, compensated absences, and accumulated depreciation estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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 of capital assets, short and long-term debt, pension obligations, other postemployment benefit obligations and fund balances, the details of which are presented in Notes 6, 7, 8, 10, 11, 14, and 15 of the financial statements.

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. There were no misstatements, other than those that are trivial, detected as a result of audit procedures.

#### **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 auditors' 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 October 13, 2021.

### **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 School District’s financial statements or a determination of the type of auditors’ 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 governmental unit’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 the Management’s Discussion and Analysis; budgetary comparison information; the Schedule of School District’s Contributions - NYSLRS and NYSTRS Pension Plans; the Schedules of School District Contributions and Proportionate Share of Net Pension Asset/Liability; and Schedule of Changes in the School District’s Total OPEB Liability and Related Ratios; which is 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 Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit; Schedule of Project Expenditures - Capital Projects Fund; Schedule of Net Investment in Capital Assets; Balance Sheet - Non-Major Governmental Funds; Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds; and the Schedule of Expenditures of Federal Awards; 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.

Homer Central School District

October 13, 2021

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**Restriction on Use**

This information is intended solely for the use of the Audit Committee, the Board of Education, and management of Homer Central School District, and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,

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

Inero & Co. CPAs, LLP

Certified Public Accountants

Ithaca, New York

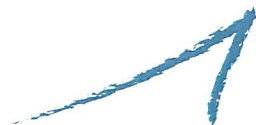
October 13, 2021

# HOMER CENTRAL SCHOOL DISTRICT

Homer, New York

## EXTRACLASSROOM ACTIVITY FUNDS FINANCIAL REPORT

For the Year Ended  
June 30, 2021



**insero&co**

Certified Public Accountants | Business Advisors

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# ***HOMER CENTRAL SCHOOL DISTRICT***

## **EXTRACLASSROOM ACTIVITY FUNDS TABLE OF CONTENTS**

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## INDEPENDENT AUDITORS' REPORT

Board of Education  
Homer Central School District  
Homer, New York

We have audited the accompanying financial statements of the Extraclassroom Activity Funds of Homer Central School District (the School District) as of and for the year ended June 30, 2021 which comprise the Statement of Assets and Fund Balance - Cash Basis, and the related Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balance for the year then ended, and the related notes to the 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 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.

### **Auditors' Responsibility**

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and fund balance of the Extraclassroom Activity Funds of the School District, as of June 30, 2021, and the cash receipts, cash disbursements, and changes in fund balance, thereof for the year then ended in accordance with the cash basis of accounting as described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Respectfully submitted,

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

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
October 13, 2021

# ***HOMER CENTRAL SCHOOL DISTRICT***

## **EXTRACLASSROOM ACTIVITY FUNDS STATEMENT OF ASSETS AND FUND BALANCE - CASH BASIS JUNE 30, 2021**

### **ASSETS**

Cash and Cash Equivalents - Intermediate School	\$ 13,298
Cash and Cash Equivalents - Junior High School	9,777
Cash and Cash Equivalents - High School	<u>98,155</u>

**Total Assets** **\$ 121,230**

**Fund Balance** **\$ 121,230**

*See Notes to Financial Statements*



# ***HOMER CENTRAL SCHOOL DISTRICT***

## **HOMER INTERMEDIATE SCHOOL EXTRACLASROOM ACTIVITY FUNDS STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Fund Balance June 30, 2020</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Transfers</u>	<u>Fund Balance June 30, 2021</u>
Student Council - Intermediate	\$ 14,853	\$ 1,785	\$ 3,340	\$ -	\$ 13,298
<b>Total</b>	<b>\$ 14,853</b>	<b>\$ 1,785</b>	<b>\$ 3,340</b>	<b>\$ -</b>	<b>\$ 13,298</b>

*See Notes to Financial Statements*

# HOMER CENTRAL SCHOOL DISTRICT

## HOMER JUNIOR HIGH SCHOOL EXTRACLASSROOM ACTIVITY FUNDS STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED JUNE 30, 2021

	<b>Fund Balance June 30, 2020</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Fund Balance June 30, 2021</b>
Chorus and Band - Jr. High	\$ 5,203	\$ 464	\$ 474	\$ 5,193
Drama Club - Jr. High	3,232	-	991	2,241
Science Club - Jr. High	1,734	2,090	2,655	1,169
Student Council - Jr. High	941	770	537	1,174
<b>Total</b>	<b>\$ 11,110</b>	<b>\$ 3,324</b>	<b>\$ 4,657</b>	<b>\$ 9,777</b>

*See Notes to Financial Statements*

# *HOMER CENTRAL SCHOOL DISTRICT*

## HOMER HIGH SCHOOL EXTRACLASSROOM ACTIVITY FUNDS STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED JUNE 30, 2021

	<b>Fund Balance</b> <b>June 30, 2020</b>	<b>Cash</b> <b>Receipts</b>	<b>Cash</b> <b>Disbursements</b>	<b>Fund Balance</b> <b>June 30, 2021</b>
Class of 2020	\$ 4,503	\$ -	\$ 4,503	\$ -
Class of 2021	2,921	4,345	4,858	2,408
Class of 2022	2,471	1,013	215	3,269
Class of 2023	609	300	190	719
Class of 2024		337	-	337
Blue Band	2,611	1,720	1,438	2,893
Env/Sci Outing Club	5,815	-	-	5,815
Future Business Leaders of America	611	-	350	261
Future Farmers	6,003	2,289	3,224	5,068
HS Choir	2,296	10	805	1,501
International Club	8,231	1,599	3,782	6,048
Musical Theater	10,032	464	941	9,555
Music Travel	9,571	-	-	9,571
National Honor Society	1,513	-	853	660
Odyssey	7,425	10,594	7,354	10,665
Olympian	1,438	-	-	1,438
SADD	1,789	-	120	1,669
Sales Tax	84	190	190	84
Shakespearean Society	13,552	320	1,272	12,600
Student Government	14,091	360	420	14,031
Varsity Club	11,203	9,379	12,377	8,205
Winterguard	103	-	-	103
Youth and Government	932	6,703	6,380	1,255
<b>Total</b>	<b>\$ 107,804</b>	<b>\$ 39,623</b>	<b>\$ 49,272</b>	<b>\$ 98,155</b>

*See Notes to Financial Statements*

# ***HOMER CENTRAL SCHOOL DISTRICT***

## **EXTRACLASSROOM ACTIVITY FUNDS NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021**

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

The Extraclassroom Activity Funds of Homer Central School District (the School District) represents funds of the students of the School District. The Board of Education exercises general oversight of these funds. Therefore, these funds are included in the Custodial Fund of the School District's basic financial statements. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and designation of student management.

Extraclassroom Activity Funds included in this report were formed only for educational and school service purposes in accordance with School District rules and regulations for the conduct, operation, and maintenance of Extraclassroom activities.

The accounts of the Extraclassroom Activity Funds of the School District are maintained on a cash basis of accounting, and the Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balance 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 statements.

### ***Note 2* Cash and Investments - Custodial and Concentration of Credit Risk**

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

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

The Extraclassroom Activity Fund's aggregate bank balances (including investments) of \$121,230 are either insured or collateralized with securities held by the pledging financial institution in the School District's name.



## **EXTRACLASSROOM ACTIVITY FUNDS MANAGEMENT COMMENT LETTER**

Board of Education  
Homer Central School District  
Homer, New York

In planning and performing our audit of the financial statements of the Extraclassroom Activity Funds of Homer Central School District as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Homer 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 Homer Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Homer Central School District's internal control.

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

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

During our current year audit, we became aware of other matters with respect to internal control. This letter summarizes these comments and recommendations regarding these matters. This letter does not affect our report dated October 13, 2021 on the financial statements of the Extraclassroom Activity Funds of Homer Central School District.

## **OTHER MATTERS**

### **Current Year Findings**

#### **Homer High School**

##### Cash Receipts: Supporting Documentation

###### Finding:

During our current year audit, 6 of 10 receipts did not provide enough documentation to determine if sales tax was paid.

###### Recommendation:

We recommend that receipts are detailed to show the amount of sales tax paid.

##### Cash Receipts: Profit & Loss Statements

###### Finding:

During our current year audit, 4 of 4 applicable receipts did not have a prepared Profit and Loss Statement.

###### Recommendation:

We recommend that a Profit and Loss Statement is prepared for every fundraiser.

#### **Homer Junior High School**

##### Cash Receipts: Supporting Documentation

###### Finding:

During our current year audit, 2 of 3 receipts tested for the Junior High School did not have sufficient supporting documentation to determine timeliness of deposits.

###### Recommendation:

We recommend that the Central Treasurer advise all advisors and student treasurers on the importance of turning money in on a timely manner and that receipts be deposited within three business days.

##### Cash Receipts: Timeliness

###### Finding:

During our current year audit, 1 of 3 receipts tested for the Junior High School was not turned over to the Central Treasurer in a timely manner.

###### Recommendation:

We recommend that receipts be turned over to the Central Treasurer within 3 days of being received.

Cash Disbursements: Supporting Documentation

Finding:

During our current year audit, 1 of 3 disbursements did not have enough documentation to determine if sales tax was paid.

Recommendation:

We recommend that disbursements are detailed to show the amount of sales tax being paid.

**Homer High School and Intermediate School**

Cash Receipts: Proper Authorization

Finding:

During our current year audit, 5 of 10 receipts tested for the High School and 1 of 1 receipts tested for the Intermediate School were not properly authorized with signatures from both the advisor and student treasurer.

Recommendation:

We recommend that each receipt is approved by both the advisor and student treasurer via signature before being deposited.

**Current and Prior Year Finding**

**Homer High School**

Inactive Clubs

Finding:

During the current year audit, four High School Clubs were financially inactive. During the prior year audit, 1 High School Club was financially inactive.

Recommendation:

We continue to recommend inactive clubs be reviewed and presented to the Board of Education for dissolution.

**Prior Year Findings Resolved**

**All Schools**

Prenumbered Receipts

During the prior year audit, copies of receipt forms used the same individual receipt number. Lack of distinct receipt numbers to trace to the individual transactions may cause confusion in internal records.

Resolution:

Receipts were prenumbered in the current year.

### **Homer High School**

Cash Disbursements: Proper Authorization

During the prior year audit, 1 of 10 disbursements tested did not have the proper authorizing signatures on the purchase request form.

Resolution:

High School Extra Class disbursements included authorizing signatures on purchase request forms.

### **Homer Junior High School**

Cash Receipts: Proper Authorization

During the prior year audit, 2 of 3 receipts did not have proper signatures on the receipt forms.

Resolution:

Homer Junior High School receipts had proper signatures on the receipt forms in the current year.

### **Homer Intermediate School**

Student Ledgers

During the prior year audit, one student ledger did not agree with the Central Treasurer's ledger. The difference has been the same for prior years.

Resolution:

The Student Ledger agrees with the Central Treasurer's ledger in the current year.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various school district personnel, and we will be pleased to discuss them in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Audit Committee, and the Board of Education and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
October 13, 2021





## MANAGEMENT COMMENT LETTER

Board of Education  
Homer Central School District  
Homer, New York

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Homer Central School District (the School District) as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Homer Central School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

We would like to thank you and your staff for the cooperation and support given to us during the course of the audit. We appreciate the opportunity to be of service to you and look forward to our continued involvement.

This letter does not affect our report dated October 13, 2021 on the financial statements of Homer Central School District.

We would like to thank you and your staff for the cooperation and support given to us during the course of the audit. We appreciate the opportunity to be of service to you and look forward to our continued involvement.

Homer Central School District

October 13, 2021

Page 2

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

Respectfully submitted,

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

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York

October 13, 2021

# **HOMER CENTRAL SCHOOL DISTRICT**

**Homer, New York**

## **FINANCIAL REPORT**

**For the Year Ended  
June 30, 2021**

*NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS*

# HOMER CENTRAL SCHOOL DISTRICT

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# HOMER CENTRAL SCHOOL DISTRICT

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NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

## INDEPENDENT AUDITORS' REPORT

Board of Education  
Homer Central School District  
Homer, New York

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### **Opinions**

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

### **Emphasis of a Matter**

During the year ended June 30, 2021, the School District adopted Government Accounting Standards Board (GASB) Statement No. 84, "Fiduciary Activities." As discussed in Note 18 to the financial statements, net position/fund balance as of June 30, 2020, for the Governmental Activities, Governmental Funds, and Fiduciary Activities were restated to reflect this change in accounting principle. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; budgetary comparison information; the Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plans; the Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability; the Schedule of Changes in the School District's Total OPEB Liability and Related Ratios; and related notes on pages 4-41 and 48-57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit; Schedule of Project Expenditures - Capital Projects Fund; Schedule of Net Investment in Capital Assets; Balance Sheet - Non-Major Governmental Funds; and Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds; (supplementary information) on pages 58-62 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

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

Respectfully submitted,

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
[Date], 2021

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS



# ***HOMER CENTRAL SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021**

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

### **FINANCIAL HIGHLIGHTS**

- The School District ended the year with a total net position deficit of \$16,064,640, an increase in net deficit of \$4,573,653 from the prior year. Year end net position was composed of \$10,324,202 in restricted, \$29,878,008 in net investment in capital assets, and \$56,266,850 in an unrestricted deficit. The unrestricted deficit increased \$5,351,314 compared to the prior year. The unrestricted deficit at June 30, 2021 is primarily attributable to recognition of the net accumulated other postemployment benefits (OPEB) liability of \$52,034,458.
- Expenses exceeded revenues by \$4,573,653 in 2021, compared to expenses exceeding revenue by \$4,699,499 in 2020.
- The School District had \$26,517,075 in outstanding debt at year end, an increase of \$1,452,408 from the prior year; primarily due to new Bond Anticipation Notes offset partly by principal payments on outstanding long-term debt.
- Capital asset additions during 2020 amounted to \$2,456,054 for the purchase of equipment and construction in progress expenditures. Depreciation expense was \$2,708,301 for the current year.
- General Fund budgeted expenditures, including carry-over encumbrances and other financing uses, were underspent by \$2,335,649. General Fund revenues and other financing sources were less than budgeted amounts by \$1,710,184.
- Total General Fund balance, including reserves, was \$7,778,773 at June 30, 2021. Unassigned fund balance amounted to \$1,770,646 which was subject to and equal to the maximum limit (4% of 2021-2022 appropriations) permitted under New York State Real Property Tax Law.

# HOMER CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

- Changes in enrollment - As the schedule below indicates, enrollment over the past several years peaked in 2000-2001. Recent kindergarten enrollments indicate a slight annual decline.

School Year	Enrollment
2002-2003	2,427
2003-2004	2,363
2004-2005	2,318
2005-2006	2,275
2006-2007	2,265
2007-2008	2,201
2008-2009	2,215
2009-2010	2,169
2010-2011	2,202
2011-2012	2,154
2012-2013	2,098
2013-2014	2,139
2014-2015	2,036
2015-2016	2,041
2016-2017	2,036
2017-2018	1,899
2018-2019	1,917
2019-2020	1,888

- Known changes in state aid - Estimating state aid has become a nearly impossible task for school districts during the last several years. The School District had a slight decrease in state aid for 2020-2021. It is difficult for the New York State to support public education in the wake of fiscal distress in the economy and natural disasters throughout the nation. Increases in retirement and health insurance costs continue to stress our ability to provide educational programming for our children.

The School District is a labor-intensive enterprise, and the cost of benefits continues to out-pace the inflation rate. State aid continues to lag behind School District expenses.

# HOMER CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

Below is a detail of the School District's budget, New York State aid, and required property tax levy to meet the budget.

Year	Budget	State Aid	Levy
2002-2003	28,434,163	16,326,691	9,477,860
2003-2004	28,366,636	15,079,697	10,828,620
2004-2005	29,397,295	15,802,920	11,529,815
2005-2006	31,165,450	16,556,920	12,215,850
2006-2007	33,261,250	18,011,890	12,927,370
2007-2008	36,162,815	19,361,255	13,419,900
2008-2009	37,198,050	20,292,070	13,969,410
2009-2010	40,078,343	20,553,032	13,969,410
2010-2011	38,286,495	18,378,786	14,282,650
2011-2012	39,846,943	18,461,864	14,865,845
2012-2013	38,830,951	19,054,452	15,240,767
2013-2014	39,145,840	19,724,559	15,697,990
2014-2015	38,997,379	20,011,844	15,933,460
2015-2016	39,570,810	21,599,969	15,933,460
2016-2017	41,886,438	22,999,294	15,933,460
2017-2018	40,884,142	23,068,409	15,933,460
2018-2019	42,055,168	23,690,247	16,235,856
2019-2020	43,220,650	23,944,270	16,544,929

Textbook, computer software, and library material aid have remained stagnant for many years. As program requirements for students increase in the classroom and libraries, New York State has reneged on the level of funding for textbooks and library materials identified several years ago. New York State has encouraged school districts to share services in an effort to reduce costs. The School District participates in the Central Business Office through OCM BOCES for its business office functions. The services include the positions of School District Treasurer, Payroll Clerk, and Accounts Payable Clerk. The School District also shares its Transportation Supervisor with a nearby district.

The implementation of rules commonly referred to as the NYS Tax Cap Law during 2011-2012 introduced a level of complication to the School District's tax levy process as well as restrictions on its ability to raise revenue to support educational programs. The School District's residents have continued to be supportive through the difficult times.

# HOMER CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

Year	Levy Amount	Increase
Tax Levy 2002-2003	\$ 9,477,860	8.95%
Tax Levy 2003-2004	10,828,620	14.25%
Tax Levy 2004-2005	11,529,815	6.48%
Tax Levy 2005-2006	12,215,850	5.95%
Tax Levy 2006-2007	12,927,370	5.82%
Tax Levy 2007-2008	13,419,900	3.81%
Tax Levy 2008-2009	13,969,410	4.09%
Tax Levy 2009-2010	13,969,410	0.00%
Tax Levy 2010-2011	14,282,650	2.24%
Tax Levy 2011-2012	14,865,845	4.08%
Tax Levy 2012-2013	15,240,767	2.52%
Tax Levy 2013-2014	15,697,990	3.00%
Tax Levy 2014-2015	15,933,460	1.50%
Tax Levy 2015-2016	15,933,460	0.00%
Tax Levy 2016-2017	15,933,460	0.00%
Tax Levy 2017-2018	15,933,460	0.00%
Tax Levy 2018-2019	16,235,856	1.90%
Tax Levy 2019-2020	16,544,929	1.90%

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year, a Schedule of School District Contributions - NYSLRS and NYSTRS Pension Plans, the School District's Proportionate Share of the Net Pension Asset/Liability, and Changes in the School District's Total OPEB Liability and Related Ratios.

# ***HOMER CENTRAL SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021**

### **District-Wide Financial Statements**

The District-wide financial statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies.

The Statement of Net Position includes all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

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

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

### **Governmental Fund Financial Statements**

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

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

# **HOMER CENTRAL SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021**

### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

The School District's combined net position for the fiscal year ended June 30, 2021 decreased by \$4,573,653. Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the School District's Governmental Activities.

*Figure 1*

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2021</i>	<i>2020</i>	<i>2020 - 2021</i>
<i>Current Assets</i>	\$ 8,786,072	\$ 5,190,096	\$ 3,595,976
<i>Noncurrent Assets</i>	9,719,897	12,923,342	(3,203,445)
<i>Capital Assets, Net</i>	53,285,870	53,560,496	(274,626)
<b><i>Total Assets</i></b>	<b>71,791,839</b>	<b>71,673,934</b>	<b>117,905</b>
<i>Deferred Charges on Defeased Debt</i>	148,814	337,314	(188,500)
<i>Pensions</i>	11,249,255	9,723,496	1,525,759
<i>OPEB</i>	10,278,668	11,991,780	(1,713,112)
<b><i>Total Deferred Outflows of Resources</i></b>	<b>21,676,737</b>	<b>22,052,590</b>	<b>(187,353)</b>
<i>Current Liabilities</i>	10,123,771	6,190,418	3,933,353
<i>Noncurrent Liabilities</i>	76,787,299	88,302,855	(11,515,556)
<b><i>Total Liabilities</i></b>	<b>86,911,070</b>	<b>94,493,273</b>	<b>(7,582,203)</b>
<i>Pensions</i>	4,367,123	3,300,295	1,066,828
<i>OPEB</i>	18,255,023	7,423,943	10,831,080
<b><i>Total Deferred Inflows of Resources</i></b>	<b>22,622,146</b>	<b>10,724,238</b>	<b>11,897,908</b>
<i>Net Investment in Capital Assets</i>	29,878,008	28,833,143	1,044,865
<i>Restricted</i>	10,324,202	10,591,406	(267,204)
<i>Unrestricted</i>	(56,266,850)	(50,915,536)	(5,351,314)
<b><i>Total Net (Deficit)</i></b>	<b>\$ (16,064,640)</b>	<b>\$ (11,490,987)</b>	<b>\$ (4,573,653)</b>

The increase in current assets is primarily a result of increases in state aid receivable and current portion of restricted cash. The decrease in noncurrent assets is a result of a decrease in the noncurrent portion of restricted cash and a decrease in the net pension asset proportionate share. The decrease in net capital assets stems from depreciation expense exceeding capital asset additions in 2021.

Current liabilities increased primarily due to issuance of a new BAN offset by short-term principal payments. Decreases in noncurrent liabilities are in large part due to the decrease of the School District's other postemployment benefits liability and the long-term portion of installment purchase debt.

The changes in the noncurrent liabilities, deferred inflows of resources - pensions, and the deferred outflows of resources - pensions, are related to changes in the actuarially determined proportionate share of the School District's net pension asset/liability and related deferred outflows and inflows of resources for the pension plans recognized under Government Accounting Standards Board (GASB) Statement No. 68.

# **HOMER CENTRAL SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021**

Additional changes in noncurrent liabilities, deferred outflows of resources - other postemployment benefits, and deferred inflows of resources - other postemployment benefits, are due to actuarially determined changes in the future costs of plan benefits recognized under GASB Statement No. 75.

Deferred outflows - deferred charges on defeased debt decreased based on the regular amortization of deferred charges.

Net investment in capital assets increased due to current year capital asset additions and reductions in bonds payable in excess of depreciation expense. Restricted resources decreased primarily based on the reduction of restricted fund balances within the General, Debt Service, and School Lunch Funds.

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

**Figure 2**

<b>Changes in Net Position</b>	<b>Governmental Activities and Total School District</b>		<b>Total Dollar Change 2020 - 2021</b>
	<b>2021</b>	<b>2020</b>	
<b>REVENUES</b>			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 64,889	\$ 309,399	\$ (244,510)
<i>Operating Grants</i>	2,131,814	1,850,489	281,325
<i>General Revenues:</i>			
<i>Real Property Taxes</i>	14,781,181	14,328,100	453,081
<i>Real Property Tax Items</i>	2,147,727	2,284,591	(136,864)
<i>Unrestricted State Sources</i>	24,049,637	24,059,895	(10,258)
<i>Use of Money and Property</i>	57,029	101,897	(44,868)
<i>Other General Revenues</i>	412,823	497,513	(84,690)
<b>Total Revenues</b>	<b>\$ 43,645,100</b>	<b>\$ 43,431,884</b>	<b>\$ 213,216</b>
<b>PROGRAM EXPENSES</b>			
<i>General Support</i>	\$ 4,878,755	\$ 4,957,044	\$ (78,289)
<i>Instruction</i>	38,840,008	38,572,108	267,900
<i>Pupil Transportation</i>	3,853,116	2,650,366	1,202,750
<i>Community Service</i>	33,834	32,429	1,405
<i>School Lunch Program</i>	875,296	1,064,293	(188,997)
<i>Interest on Debt</i>	713,198	855,143	(141,945)
<b>Total Expenses</b>	<b>\$ 49,194,207</b>	<b>\$ 48,131,383</b>	<b>\$ 1,062,824</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (5,549,107)</b>	<b>\$ (4,699,499)</b>	<b>\$ (849,608)</b>

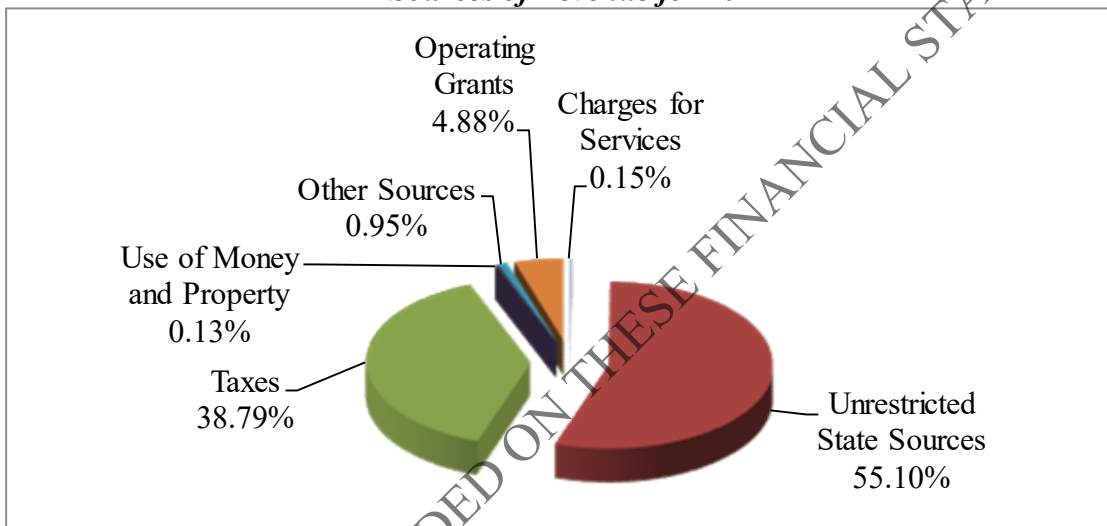
# HOMER CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

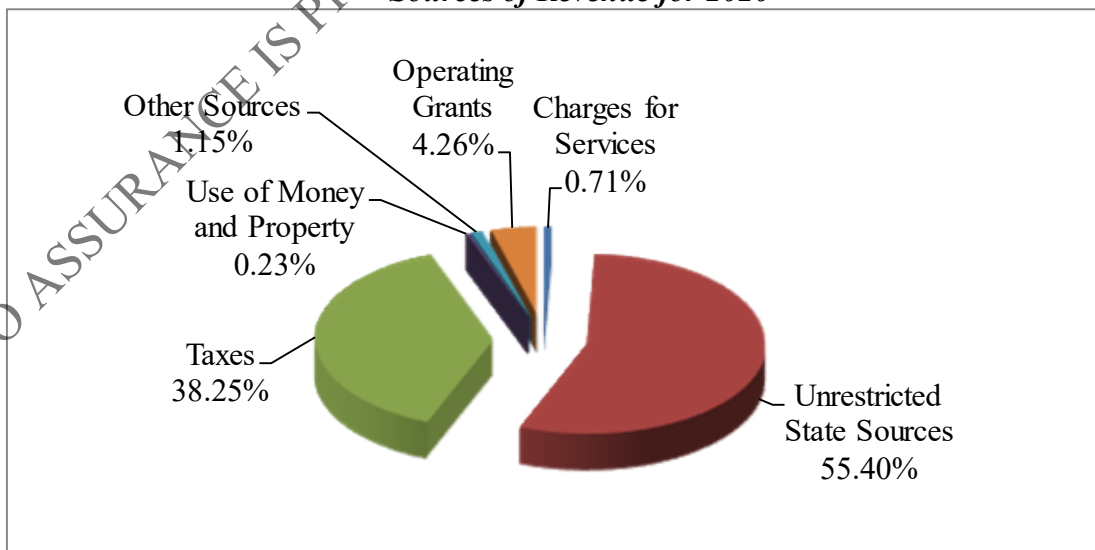
Total revenues for the School District's governmental activities increased 0.5%, while total expenses increased 0.2%. The increase in total expenses is primarily due to increases in both pension and other postemployment benefits (OPEB) expense in comparison to expenses recorded in the prior year. The increase in revenue is due to increases in the School District's tax levy and operating grants received.

Figures 3 and 4 show the sources of revenue for 2021 and 2020.

**Figure 3**  
**Sources of Revenue for 2021**



**Figure 4**  
**Sources of Revenue for 2020**



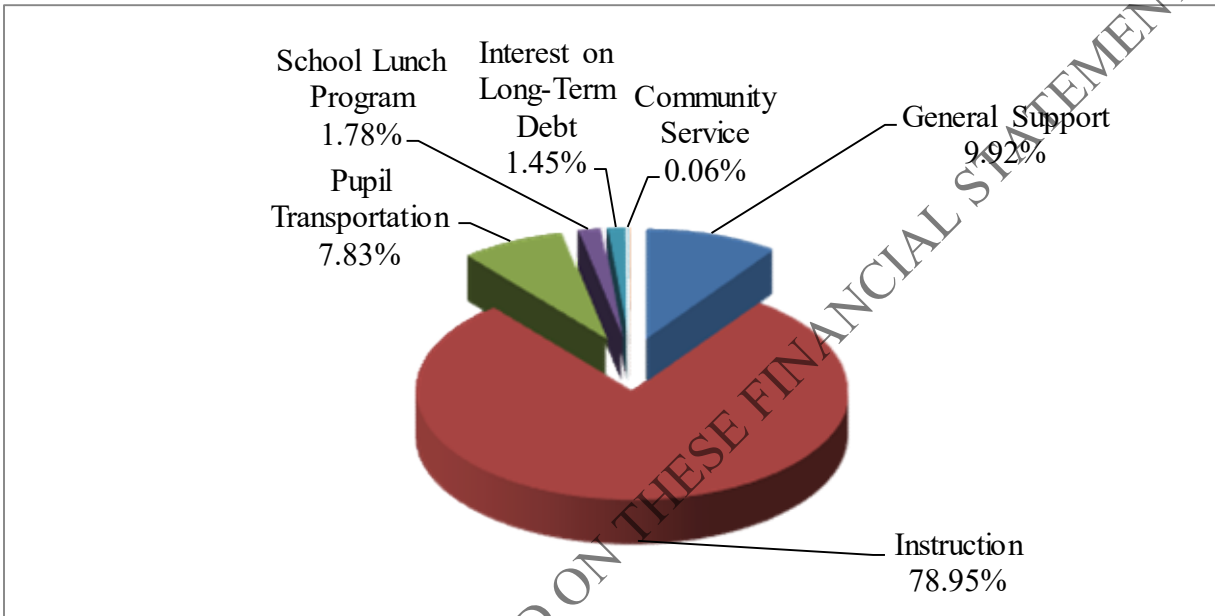


# HOMER CENTRAL SCHOOL DISTRICT

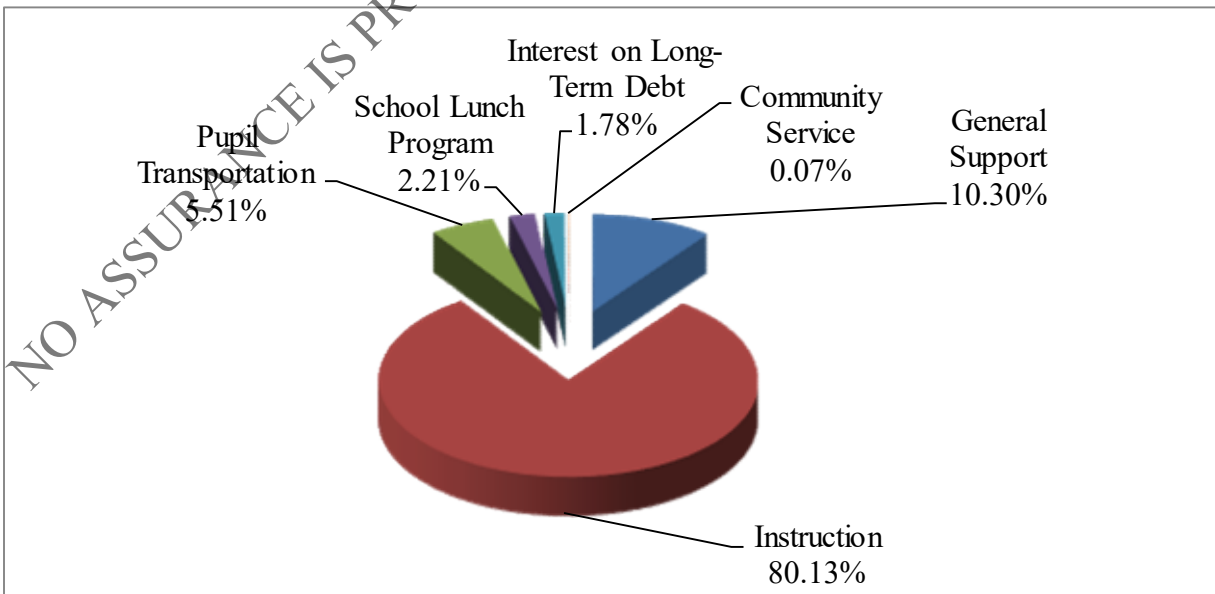
## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

Figures 5 and 6 present the cost of each of the School District's programs for 2021 and 2020.

**Figure 5**  
**Cost of Programs for 2021**



**Figure 6**  
**Cost of Programs for 2020**



# **HOMER CENTRAL SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021**

### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

*Figure 7* shows the changes in fund balance for the year for the School District's funds. The School District experienced a decrease of 8.5% in total fund balance, which is primarily attributable to a fund balance decrease in the Capital Projects Fund and School Lunch Fund.

*Figure 7*

<b>Governmental Fund Balances</b>	<b>2021</b>	<b>2020</b>	<b>Total Dollar Change 2020-2021</b>
<i>General Fund</i>	\$ 7,778,773	\$ 7,451,390	\$ 327,383
<i>Debt Service Fund</i>	5,399,188	5,473,189	(74,001)
<i>Capital Projects Fund</i>	(234,942)	64,691	(299,633)
<i>Non-Major Funds:</i>			
<i>School Lunch Fund</i>	(11,292)	80,860	(92,152)
<i>Miscellaneous Special Revenue Fund</i>	103,074	105,369	(2,295)
<b>Total Governmental Funds</b>	<b>\$ 13,034,801</b>	<b>\$ 13,175,499</b>	<b>\$ (140,698)</b>

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Transfers made at year-end to balance the budget are caused by unforeseeable under-budgeting in a given code. When transfers into a code are necessary for three consecutive years, the situation is addressed in the following year's budget development process.

After considering these adjustments, actual charges to appropriations (expenditures) were below final budget amounts by \$2,335,649, including carry-over encumbrances.

*Figure 8* summarizes the original and final budgets, the actual expenditures (including encumbrances) and variances for the year ended June 30, 2021.

# HOMER CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

*Figure 8*

<i>Condensed Budgetary Comparison General Fund - 2021</i>	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Favorable (Unfavorable) Variance</i>
<b>REVENUES</b>				
<i>Real Property Taxes</i>	\$ 14,781,181	\$ 14,781,181	\$ 14,781,181	\$ -
<i>Other Tax Items</i>	2,148,063	2,148,063	2,147,727	(336)
<i>State Sources</i>	25,135,348	25,135,348	23,905,068	(1,230,280)
<i>Federal Sources</i>	47,674	47,674	483,402	435,728
<i>Miscellaneous</i>	574,695	574,695	485,377	(89,318)
<i>Other, Including Financing Sources</i>	925,978	925,978	100,000	(825,978)
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 43,612,939</b>	<b>\$ 43,612,939</b>	<b>\$ 41,902,755</b>	<b>\$ (1,710,184)</b>
<b>Appropriated Fund Balances and Encumbrances</b>	<b>\$ 804,269</b>	<b>\$ 804,269</b>		
<b>EXPENDITURES</b>				
<i>General Support</i>	\$ 4,041,251	\$ 4,172,347	\$ 3,740,998	\$ 431,349
<i>Instruction</i>	23,329,623	23,581,169	22,333,448	1,247,721
<i>Pupil Transportation</i>	2,334,319	1,889,525	1,749,811	139,714
<i>Community Service</i>	-	19,244	19,244	-
<i>Employee Benefits</i>	10,595,215	10,203,657	9,838,881	364,776
<i>Debt Service</i>	4,016,800	4,448,384	4,296,295	152,089
<i>Other Financing Uses</i>	100,000	102,882	102,882	-
<b>Total Expenditures and Other Financing (Uses)</b>	<b>\$ 44,417,208</b>	<b>\$ 44,417,208</b>	<b>\$ 42,081,559</b>	<b>\$ 2,335,649</b>

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At the end of June 30, 2021, the School District has invested in a broad range of capital assets totaling \$87,290,809 offset by accumulated depreciation of \$34,004,939. *Figure 9* shows the changes in the School District's capital assets.

# HOMER CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

*Figure 9*

<i>Changes in Capital Assets</i>	<i>2021</i>	<i>2020</i>	<i>Total Dollar Change 2020 - 2021</i>
<i>Land</i>	\$ 49,400	\$ 49,400	\$ -
<i>Construction in Progress</i>	3,439,042	2,063,927	1,375,115
<i>Buildings, Net</i>	47,567,162	50,013,424	(2,446,262)
<i>Equipment, Net</i>	2,230,266	1,433,745	796,521
<b><i>Total</i></b>	<b>\$ 53,285,870</b>	<b>\$ 53,560,496</b>	<b>\$ (274,626)</b>

Capital asset activity for the year ended June 30, 2021 included the following:

Construction in Progress	\$ 1,375,115
Transportation and Instructional Equipment	1,080,939
Total Additions	<u>2,456,054</u>
Net Book Value of Disposed Equipment	(22,379)
Less Depreciation Expense	<u>(2,708,301)</u>
<b>Net Decrease in Capital Assets</b>	<b><u>\$ (274,626)</u></b>

### Debt Administration

Figure 10 shows the changes in the School District's outstanding debt. Total indebtedness represented 26.97% of the constitutional debt limit, exclusive of building aid estimates.

*Figure 10*

<i>Outstanding Debt</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change 2020-2021</i>
	<i>2021</i>	<i>2020</i>	
<i>Serial Bonds, Net</i>	\$ 20,798,879	\$ 24,271,612	\$ (3,472,733)
<i>Bond Anticipation Notes</i>	4,229,182	-	4,229,182
<i>Installment Debt, Net</i>	1,489,014	793,055	695,959
<b><i>Total</i></b>	<b>\$ 26,517,075</b>	<b>\$ 25,064,667</b>	<b>\$ 1,452,408</b>

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

# ***HOMER CENTRAL SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021**

### **FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE**

The Homer Central School District continues to manage the economic, educational, and social-emotional challenges that the COVID-19 Pandemic has brought to the Homer School Community. The School District will utilize Federal Stimulus Funds to help offset local costs not planned for in the General Fund Budget.

### **Energy Performance Project**

The Homer Central School District is working to complete their \$4.29 Million Dollar Energy Performance Project. Once completed, the School District will realize approximately \$300,000 in energy savings that will be used to offset debt generated by the project.

### **Capital Projects**

In 2020-21, the School District used project money to focus on HVAC improvements at the Homer Bus Garage. For the 2021-22 school year, the School District will focus on completing mini-projects that focus on Health and Safety in the Homer Senior High School.

### **Future Capital Project**

The Homer CSD Facilities planning team is currently working with Hunt Architects on a proposed \$24 million dollar project focusing on work to be done at the Intermediate/Junior HS. It will go out to vote on December 14, 2021.

### **Financial Management**

The Homer Central School District maintains an AA- rating from Standard and Poor's.

### **CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Homer Central School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Homer Central School District, at P.O. Box 500, Homer, New York.

# HOMER CENTRAL SCHOOL DISTRICT

## STATEMENT OF NET POSITION JUNE 30, 2021

### ASSETS

#### Current Assets

Cash - Unrestricted	\$ 2,603,402
Cash - Restricted	3,537,295
Receivables:	
State and Federal Aid	2,605,024
Due from Other Governments	198
Other	20,274
Inventories	19,879
<b>Total Current Assets</b>	<b>8,786,072</b>

#### Noncurrent Assets

Restricted Cash	9,719,897
Capital Assets, Net:	
Land and Construction in Progress	3,488,442
Depreciable Capital Assets, Net	49,797,428
<b>Total Noncurrent Assets</b>	<b>63,005,767</b>
<b>Total Assets</b>	<b>71,791,839</b>

### DEFERRED OUTFLOWS OF RESOURCES

Deferred Charges on Defeased Debt	148,814
Pensions	11,249,255
OPEB	10,278,668
<b>Total Deferred Outflows of Resources</b>	<b>21,676,737</b>

### LIABILITIES

#### Current Liabilities

Payables:	
Accounts Payable	358,427
Accrued Liabilities	23,370
Due to Other Governments	19
Bond Interest and Matured Bonds	104,950
Bond Anticipation Notes Payable	4,229,182
Due to Teachers' Retirement System	1,610,722
Due to Employees' Retirement System	134,491
Compensated Absences Payable	54,067
Unearned Revenues	36,344
Current Portion of Long-Term Liabilities:	
Bonds Payable	3,309,860
Installment Debt Payable	262,339
<b>Total Current Liabilities</b>	<b>10,123,771</b>

See Notes to Basic Financial Statements

# HOMER CENTRAL SCHOOL DISTRICT

## STATEMENT OF NET POSITION (Continued) JUNE 30, 2021

### Noncurrent Liabilities and Obligations

Bonds Payable	\$ 17,489,019
Installment Debt Payable	<u>1,226,675</u>
Compensated Absences Payable	<u>3,464,610</u>
Other Postemployment Benefits Liability	<u>52,034,458</u>
Net Pension Liability - Proportionate Share	<u>2,572,537</u>
<b>Total Noncurrent Liabilities and Obligations</b>	<u><b>76,787,299</b></u>

<b>Total Liabilities</b>	<u><b>86,911,070</b></u>
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### DEFERRED INFLOWS OF RESOURCES

Pensions	<u>4,367,123</u>
OPEB	<u>18,255,023</u>

<b>Total Deferred Inflows of Resources</b>	<u><b>22,622,146</b></u>
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### NET POSITION

Net Investment in Capital Assets	<u>29,878,008</u>
Restricted	<u>10,324,202</u>
Unrestricted (Deficit)	<u>(56,266,850)</u>

<b>Total Net Position (Deficit)</b>	<u><u><b>\$ (16,064,640)</b></u></u>
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NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

See Notes to Basic Financial Statements

# HOMER CENTRAL SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants		Capital Grants
General Support	\$ 4,878,755	\$ 689	\$ -	\$ -	\$ (4,878,066)
Instruction	38,840,008	47,373	1,470,166	-	(37,322,469)
Pupil Transportation	3,853,116	-	-	-	(3,853,116)
Community Services	33,834	-	-	-	(33,834)
School Lunch Program	875,296	16,827	661,648	-	(196,821)
Interest on Debt	713,198	-	-	-	(713,198)
<b>Total Functions and Programs</b>	<b>\$ 49,194,207</b>	<b>\$ 64,889</b>	<b>\$2,131,814</b>	<b>\$ -</b>	<b>(46,997,504)</b>

### GENERAL REVENUES

Real Property Taxes	14,781,181
Real Property Tax Items	2,147,727
Use of Money and Property	57,029
State Sources	24,049,637
Sale of Property and Compensation for Loss	17,646
Miscellaneous	395,177

### Total General Revenues

41,448,397

### Change in Net Position

(5,549,107)

### Total Net Position (Deficit) - Beginning of Year

(11,490,987)

### Total Net Position (Deficit) - End of Year

**\$ (17,040,094)**

*See Notes to Basic Financial Statements*



# HOMER CENTRAL SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2021

	Major Funds			Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Capital Projects Fund	Debt Service Fund		
<b>ASSETS</b>					
Cash - Unrestricted	\$ 2,475,123	\$ -	\$ -	\$ 128,279	\$ 2,603,402
Cash - Restricted	4,986,583	3,537,295	4,630,340	102,974	13,257,192
Due from Other Funds	1,511,313	326,564	868,848	34,936	2,741,661
State and Federal Aid	1,721,112	-	-	883,912	2,605,024
Due from Other Governments	198	-	-	-	198
Other	18,098	2,176	-	-	20,274
Inventories	-	-	-	19,879	19,879
<b>Total Assets</b>	<b>\$ 10,712,427</b>	<b>\$ 3,866,035</b>	<b>\$ 5,499,188</b>	<b>\$ 1,169,980</b>	<b>\$ 21,247,630</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 344,002	\$ -	\$ -	\$ 14,425	\$ 358,427
Accrued Liabilities	23,370	-	-	-	23,370
Due to Other Funds	765,500	847,249	100,000	1,028,912	2,741,661
Due to Other Governments	2	-	-	17	19
Bond Anticipation Notes Payable	-	4,229,182	-	-	4,229,182
Due to Teachers' Retirement System	1,610,722	-	-	-	1,610,722
Due to Employees' Retirement System	134,491	-	-	-	134,491
Compensated Absences Payable	54,067	-	-	-	54,067
Unearned Revenues	1,500	-	-	34,844	36,344
<b>Total Liabilities</b>	<b>2,933,654</b>	<b>5,076,431</b>	<b>100,000</b>	<b>1,078,198</b>	<b>9,188,283</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	19,879	19,879
Restricted	4,821,940	-	5,399,188	103,074	10,324,202
Assigned	1,186,187	-	-	-	1,186,187
Unassigned (Deficit)	1,770,646	(234,942)	-	(31,171)	1,504,533
<b>Total Fund Balances (Deficit)</b>	<b>7,778,773</b>	<b>(234,942)</b>	<b>5,399,188</b>	<b>91,782</b>	<b>13,034,801</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,712,427</b>	<b>\$ 4,841,489</b>	<b>\$ 5,499,188</b>	<b>\$ 1,169,980</b>	<b>\$ 22,223,084</b>

See Notes to Basic Financial Statements

# HOMER CENTRAL SCHOOL DISTRICT

## RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2021

**Fund Balances - Total Governmental Funds** **\$ 13,034,801**

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

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

Total Historical Cost	\$ 87,290,809	
Less Accumulated Depreciation	(34,004,939)	53,285,870

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

Net Pension Liability - Proportionate Share	(2,572,537)
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Deferred outflows of resources, including deferred charges on defeased debt, pensions, and OPEB, represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including pensions and OPEB, represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.

Deferred Charges on Defeased Debt	\$ 148,814	
Deferred Outflows of Resources - OPEB	10,278,668	
Deferred Inflows of Resources - OPEB	(18,255,023)	
ERS Deferred Outflows of Resources - Pension	2,300,876	
ERS Deferred Inflows of Resources - Pension	(3,024,170)	
TRS Deferred Outflows of Resources - Pension	8,948,379	
TRS Deferred Inflows of Resources - Pension	(1,342,953)	(945,409)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	\$ (17,945,000)	
Installment Debt Payable	(1,489,014)	
Premium on Obligations	(2,853,879)	(22,287,893)

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

Compensated Absences	\$ (3,464,610)	
Other Postemployment Benefits Liability	(52,034,458)	
Accrued Interest on Long-Term Debt	(104,950)	(55,604,018)

**Net (Deficit) of Governmental Activities** **\$ (15,089,186)**

*See Notes to Basic Financial Statements*

# HOMER CENTRAL SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Major Funds			Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Capital Projects Fund	Debt Service Fund		
<b>REVENUES</b>					
Real Property Taxes	\$ 14,781,181	\$ -	\$ -	\$ -	\$ 14,781,181
Other Tax Items	2,145,622	-	-	-	2,145,622
Nonproperty Taxes	2,105	-	-	10	2,115
Charges for Services	689	-	-	-	689
Use of Money and Property	50,186	28	6,796	9	57,019
Sale of Property and Compensation for Loss	40,025	-	-	-	40,025
Miscellaneous	394,477	-	-	1,968	396,445
State Sources	23,905,068	-	-	178,132	24,083,200
Federal Sources	483,402	-	-	1,662,222	2,145,624
Sales - School Lunch	-	-	-	15,559	15,559
<b>Total Revenues</b>	41,802,755	28	6,796	1,857,900	43,667,479
<b>EXPENDITURES</b>					
General Support	3,702,688	-	-	-	3,702,688
Instruction	21,865,571	-	-	1,623,302	23,488,873
Pupil Transportation	1,749,811	-	-	-	1,749,811
Community Services	19,244	-	-	-	19,244
Employee Benefits	9,838,881	-	-	155,680	9,994,561
Debt Service:					
Principal	3,364,495	-	-	-	3,364,495
Interest	931,800	-	-	-	931,800
Cost of Sales	-	-	-	176,247	176,247
Capital Outlay	-	1,375,115	-	-	1,375,115
<b>Total Expenditures</b>	41,472,490	1,375,115	-	1,955,229	44,802,834
Excess (Deficiency) of Revenues Over Expenditures	330,265	(1,375,087)	6,796	(97,329)	(1,135,355)
<b>OTHER FINANCING SOURCES AND (USES)</b>					
Premium on Obligations	-	-	19,203	-	19,203
Proceeds of Obligations	-	975,454	-	-	975,454
Operating Transfers In	100,000	100,000	-	2,882	202,882
Operating Transfers (Out)	(102,882)	-	(100,000)	-	(202,882)
<b>Total Other Sources (Uses)</b>	(2,882)	1,075,454	(80,797)	2,882	994,657
Net Change in Fund Balances	327,383	(299,633)	(74,001)	(94,447)	(140,698)
Fund Balances - Beginning of Year	7,451,390	64,691	5,473,189	186,229	13,175,499
<b>Fund Balances (Deficit) - End of Year</b>	\$ 7,778,773	\$ (234,942)	\$ 5,399,188	\$ 91,782	\$ 13,034,801

See Notes to Basic Financial Statements

# **HOMER CENTRAL SCHOOL DISTRICT**

## **RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021**

**Net Change in Fund Balances - Total Governmental Funds** **\$ (140,698)**

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

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Asset Additions	\$ 2,456,054	
Gain on Sale of Equipment	(22,379)	
Depreciation Expense	<u>(2,708,301)</u>	(274,626)

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

ERS	\$ 210,585	
TRS	<u>(2,028,148)</u>	(1,817,563)

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Proceeds of Installment Purchase Debt	\$ (975,454)	
Principal Payments - Installment Purchase Debt	279,495	
Principal Payments	<u>3,085,000</u>	2,389,041

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

Change in Compensated Absences	\$ (1,116,275)	
Other Postemployment Benefits Obligations	<u>(2,837,477)</u>	(3,953,752)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds. This is the amount of change from the prior year.

Amortization of Charges on Defeased Debt	\$ (188,500)	
Amortization of Bond Premium	387,733	
Change in Accrued Interest Payable	<u>166</u>	<u>199,399</u>

**Net Change in Net Position (Deficit) of Governmental Activities** **\$ (3,598,199)**

*See Notes to Basic Financial Statements*

# HOMER CENTRAL SCHOOL DISTRICT

## STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2021

	<u>Custodial Fund</u>
<b>ASSETS</b>	
Cash - Unrestricted	\$ 121,230
<b>Total Assets</b>	<b>\$ 121,230</b>
<b>NET POSITION</b>	
Unrestricted	\$ 121,230
<b>Total Liabilities and Net Position</b>	<b>\$ 121,230</b>

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

*See Notes to Basic Financial Statements*

# HOMER CENTRAL SCHOOL DISTRICT

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

	<u>Custodial Fund</u>
<b>ADDITIONS</b>	
Extraclassroom Activity Receipts	\$ 44,732
<b>DEDUCTIONS</b>	
Extraclassroom Activity Disbursements	57,269
Change in Net Position	(12,537)
Net Position - Beginning of Year	<u>133,767</u>
<b>Net Position - End of Year</b>	<b><u>\$ 121,230</u></b>

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

*See Notes to Basic Financial Statements*

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

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

#### **Reporting Entity**

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

The School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education (Board) consisting of 9 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the School District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

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

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

The Extraclassroom Activity Funds of the Homer Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from the School District's office, located at 80 S. West Street, Homer, New York 13077.

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

#### **Joint Venture**

The Homer Central School District is one of 23 component school districts in the Onondaga-Cortland-Madison Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of School Districts in a geographic area that shares planning, services, and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

Separate financial statements of Onondaga-Cortland-Madison BOCES may be obtained by contacting the Business Office, Onondaga-Cortland Madison BOCES, 110 Elwood Davis Road, Liverpool, NY 13088.

#### **Basis of Presentation - District-Wide Financial Statements**

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

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



# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

#### **Basis of Presentation - Governmental Fund Financial Statements**

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

The School District reports the following Major Governmental Funds:

- **General Fund:** This is the School District's primary operating fund. It accounts for all financial transactions not required to be accounted for in another fund.
- **Capital Projects Fund:** Accounts for the financial resources used for the renovation of the School District's educational complex.
- **Debt Service Fund:** Accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of Governmental Activities.

The School District reports the following Non-Major Funds:

- **Special Revenue Funds:** These funds account for proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:
  - **Special Aid Fund:** Used to account for proceeds received from state and federal grants that are restricted for special educational programs.
  - **School Lunch Fund:** Used to account for child nutrition activities whose funds are restricted as to use.
  - **Miscellaneous Special Revenue Fund:** Used to account for student scholarships whose funds are restricted as to use.

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

The School District reports the following Fiduciary Fund:

- **Custodial Fund:** Assets are held by the School District as agent for Extraclassroom Activity Funds.

# **HOMER CENTRAL SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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

#### **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 School District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is apportioned by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

#### **Cash and Investments**

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

#### **Accounts Receivable**

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

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

#### Due To/From Other Funds

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

#### Inventories and Prepaid Items

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

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

#### Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to the adoption of GASB Statement No. 34. For assets acquired prior to the adoption of GASB Statement No. 34, estimated historical costs, based on appraisal and research of the School District's accounting records, were used. Donated assets are reported at acquisition value at the time received.

The School District depreciates capital assets using the straight-line method. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the District-wide financial statements are as follows:

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

# ***HOMER CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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

#### **Vested Employee Benefits - Compensated Absences**

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in, first-out (LIFO) basis. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

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

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

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

#### **Other Postemployment Benefits (OPEB)**

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

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

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

# **HOMER CENTRAL SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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

#### **Unearned Revenues**

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

#### **Restricted Resources**

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

#### **Accrued Liabilities and Long-Term Obligations**

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

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

#### **Equity Classifications - District-Wide Financial Statements**

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

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

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

#### **Equity Classifications - Governmental Fund Financial Statements**

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

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

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

The Board of Education of the School District has not adopted any resolutions to commit fund balance. By resolution, the Board of Education is authorized to assign fund balance. The School District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance.

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

#### **Legally Adopted Reserves**

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

- Capital Reserve (Education Law §3651) - Used to pay the cost of any object or purpose for which bonds may be issued. The creation of a Capital Reserve Fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund.
- Employee Benefit Accrued Liability Reserve (GML §6-p) - Used to reserve funds for the payment of employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.
- Retirement Contribution Reserve (GML §6-r) - Used to finance retirement contributions payable to the New York State and Local Employees' Retirement System. This reserve may be established without voter approval and funded with budgetary appropriations, revenues not required by law to be paid into other funds or accounts, transfers from other Reserve Funds as permitted by law and other such funds as the school board may legally appropriate. Funds from this reserve may be expended without voter approval. This reserve is accounted for in the General Fund.
- Tax Certiorari Reserve (Education Law §3651.1-a) - Used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund.

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

#### **Legally Adopted Reserves - Continued**

- Workers' Compensation Reserve (GML §6-j) - Used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses for administering this self-insurance program. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or applied to the appropriations of the succeeding fiscal year's budget. This reserve is accounted for in the General Fund.
- Unemployment Insurance Reserve (GML §6-m) - Used to pay the cost of reimbursement of the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or applied to the appropriations of the succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to indemnify pending claims may be transferred to any other Reserve Fund. This reserve is accounted for in the General Fund.

#### **Property Taxes - Calendar**

Real property taxes are levied annually by the Board of Education no later than September 1. For the year then ended June 30, 2021, the tax lien was issued on August 11, 2020. Taxes were collected during the period September 1 to October 31, 2020.

#### **Property Taxes - Enforcement**

Uncollected real property taxes are subsequently enforced by the counties of Cayuga, Onondaga, Cortland, and Tompkins. An amount representing uncollected real property taxes transmitted to the counties for enforcement is paid by the counties to the School District no later than the following April 1.

#### **Interfund Transfers**

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



# **HOMER CENTRAL SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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

#### **Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

#### **Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District reports a deferred charge on defeased debt resulting from the difference in the carrying value of refunded debt and its reacquisition price, which is amortized over the shorter of the life of the refunded or refunding debt. See Note 8 for detailed information. The School District reports deferred outflows of resources related to pensions and other postemployment benefits in the District-wide Statement of Net Position. The types of deferred outflows related to pensions and other postemployment benefits are described in Notes 10 and 11, respectively.

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 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 types of deferred inflows of resources related to pensions and other postemployment benefits are described in Notes 10 and 11, respectively.

#### **Future Changes in Accounting Standards**

GASB has issued Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance," which delays the implementation dates for several GASB statements as follows.

- GASB has issued Statement No. 87, "Leases," delayed by GASB Statement No. 95 to June 30, 2022.
- GASB has issued Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period," delayed by GASB Statement No. 95 to June 30, 2022.

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

#### **Future Changes in Accounting Standards - Continued**

- GASB has issued Statement No. 92, "Omnibus 2020," delayed by GASB Statement No. 95 to June 30, 2022.

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

### *Note 2*    **Participation in BOCES**

During the year ended June 30, 2020, the School District's share of BOCES income amounted to \$2,238,690. The School District was billed \$5,059,453 for BOCES administration and program costs. Financial statements for the OCM BOCES are available from their business office at 110 Elwood Davis Road, Liverpool, New York 13088.

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

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

The School District's aggregate bank balances of \$17,848,693 are either insured or collateralized with securities held by the pledging financial institution in the School District's name.

Restricted cash consists of the following at June 30, 2021:

General Fund Reserves	\$ 4,986,583
Restricted for Debt	5,399,188
Unspent Debt Proceeds	2,768,447
Restricted for Misc. Special Revenue	<u>102,974</u>
<b>Total</b>	<b><u>\$ 13,257,192</u></b>

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

**Note 4 Other Receivables**

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

	Description	Amount
General Fund	Reimbursements	\$ 18,098
Capital Projects Fund	Reimbursements	2,176
<b>Total</b>		<b>\$ 20,274</b>

**Note 5 Interfund Balances and Activity**

Interfund balances at June 30, 2021, are as follows:

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	\$ 1,511,313	\$ 765,500	\$ 100,000	\$ 102,882
Debt Service Fund	868,848	100,000	-	100,000
Capital Projects Fund	326,564	847,249	100,000	-
Non-Major Funds:				
Special Aid Fund	34,836	748,565	2,882	-
School Lunch Fund	-	280,347	-	-
Special Revenue Fund	100	-	-	-
<b>Total</b>	<b>\$ 2,741,661</b>	<b>\$ 2,741,661</b>	<b>\$ 202,882</b>	<b>\$ 202,882</b>

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

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

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

**Note 6 Capital Assets**

Capital asset balances and activity for the year ended June 30, 2021, were as follows:

Governmental Activities	Beginning Balance	Additions	Reclassifications and Disposals	Ending Balance
Capital Assets That Are Not Depreciated:				
Land	\$ 49,400	\$ -	\$ -	\$ 49,400
Construction in Progress	2,063,927	1,375,115		3,439,042
Total Nondepreciable Historical Cost	<u>2,113,327</u>	<u>1,375,115</u>		<u>3,488,442</u>
Capital Assets That Are Depreciated:				
Buildings	80,587,733	-	-	80,587,733
Furniture and Equipment	2,235,987	1,080,939	(102,292)	3,214,634
Total Depreciable Historical Cost	<u>82,823,720</u>	<u>1,080,939</u>	<u>(102,292)</u>	<u>83,802,367</u>
Total Historical Cost	<u>84,937,047</u>	<u>2,456,054</u>	<u>(102,292)</u>	<u>87,290,809</u>
Less Accumulated Depreciation:				
Buildings	(30,574,309)	(2,446,262)	-	(33,020,571)
Furniture and Equipment	(802,242)	(262,039)	79,913	(984,368)
Total Accumulated Depreciation	<u>(31,376,551)</u>	<u>(2,708,301)</u>	<u>79,913</u>	<u>(34,004,939)</u>
<b>Total Historical Cost, Net</b>	<b><u>\$ 53,560,496</u></b>	<b><u>\$ (252,247)</u></b>	<b><u>\$ (22,379)</u></b>	<b><u>\$ 53,285,870</u></b>

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 10,564
Instruction	2,334,166
Pupil Transportation	356,789
School Lunch Program	6,782
<b>Total</b>	<b><u>\$ 2,708,301</u></b>

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

**Note 7 Short-Term Debt**

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

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

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

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
2021 BAN -						
Capital Construction	1.00%	11/5/2021	\$ -	\$ 4,229,182	\$ -	\$ 4,229,182
<b>Total</b>			<u>\$ -</u>	<u>\$4,229,182</u>	<u>\$ -</u>	<u>\$4,229,182</u>

Interest on short-term debt is as follows:

Premium on BAN	<u>\$ (19,203)</u>
<b>Total</b>	<u><b>\$ (19,203)</b></u>

**Note 8 Long-Term Debt**

At June 30, 2021, the total outstanding indebtedness of the School District represented 26.97% of its statutory debt limit, exclusive of building aids. Long-term debt is classified as follows:

- Serial Bonds - The School District borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets.
- Installment Purchase Debt - The School District enters into installment purchase agreements for the purchase of school buses. The cost and net book value of assets acquired with installment purchase debt totaled \$1,920,598 and \$1,663,824, respectively.

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

**Note 8 Long-Term Debt - Continued**

The following is a summary of the School District's long-term debt for the year ended June 30, 2021:

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2021</u>
Refunding Bonds:				
Refunding Bonds	10/01/2010	02/15/2022	3.0% - 4.0%	\$ 790,000
Refunding Bonds	04/19/2016	03/15/2024	2.0% - 4.0%	3,705,000
Total Refunding Bonds				<u>4,495,000</u>
Serial Bonds:				
2017 Serial Bonds	06/08/2017	06/15/2032	3.0% - 5.0%	12,850,000
2019 Serial Bonds	06/17/2019	06/15/2034	5.0%	600,000
Total Serial Bonds				<u>13,450,000</u>
Plus: Unamortized Premium				2,853,879
Subtotal Bonds				<u>20,798,879</u>
Installment Purchase Debt	07/01/2019	6/30/2025	2.6% - 3.4%	1,489,014
<b>Total</b>				<b><u>\$ 22,287,893</u></b>

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

Interest Paid	\$ 931,800
Less Interest Accrued in the Prior Year	(105,116)
Plus Interest Accrued in the Current Year	104,950
Plus Amortization of Deferred Charges on Defeased Debt	188,500
Less Amortization of Bond Premium	<u>(387,733)</u>
<b>Total</b>	<b><u>\$ 732,401</u></b>

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

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds	\$ 21,030,000	\$ -	\$ (3,085,000)	\$ 17,945,000	\$ 2,970,000
Unamortized Premium	3,241,612	-	(387,733)	2,853,879	339,860
Installment Purchase Debt	793,055	975,454	(279,495)	1,489,014	262,339
<b>Total</b>	<b><u>\$ 25,064,667</u></b>	<b><u>\$ 975,454</u></b>	<b><u>\$ (3,752,228)</u></b>	<b><u>\$ 22,287,893</u></b>	<b><u>\$ 3,572,199</u></b>

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

**Note 8 Long-Term Debt - Continued**

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

Year	Serial Bonds		
	Principal	Interest	Total
2022	\$ 2,970,000	\$ 824,600	\$ 3,794,600
2023	2,285,000	703,750	2,988,750
2024	2,365,000	619,500	2,984,500
2025	1,140,000	514,050	1,654,050
2026	1,195,000	742,575	1,937,575
2027-2031	6,955,000	1,324,450	8,279,450
2032-2034	1,035,000	59,400	1,094,400
<b>Total</b>	<b>\$ 17,945,000</b>	<b>\$ 4,788,325</b>	<b>\$ 22,733,325</b>

The following is a summary of the maturity of installment purchase debt:

Year Ending June 30,	Installment Purchase Debt		
	Principal	Interest	Total
2022	\$ 284,876	\$ 39,552	\$ 324,428
2023	288,329	31,613	319,942
2024	503,306	23,435	526,741
2025	412,503	17,139	429,642
<b>Total</b>	<b>\$ 1,489,014</b>	<b>\$ 111,739</b>	<b>\$ 1,600,753</b>

On April 19, 2016, the School District issued \$8,830,000 in general obligation bonds, with interest rates ranging between 1.5% and 4.0%. The School District issued the bonds to advance refund the \$8,830,000 of outstanding various general obligation bonds with interest rates ranging from 3.5 % to 4.0%. The School District used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the \$8,830,000 in bonds is considered defeased and the liability has been removed from the financial statements. The outstanding principal of the defeased bonds was \$3,705,000 at June 30, 2021.

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

**Note 8 Long-Term Debt - Continued**

A deferred charge on refunding results from the difference in the 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. Deferred charges on defeased debt are summarized as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Deferred Charges on Defeased Debt	\$ 337,314	\$ -	\$ (188,500)	\$ 148,814	\$ 107,949

**Note 9 Compensated Absences**

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

Compensated absences balances and activity are summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 2,403,411	\$ 1,115,266	\$ -	\$ 3,518,677	\$ 54,067

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

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

**Plan Description and Benefits Provided Teachers' Retirement System (TRS)(System)**

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



# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

**Plan Description and Benefits Provided Teachers' Retirement System (TRS)(System) - Continued**

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

**Plan Description and Benefits Provided Employees' Retirement System (ERS)(System)**

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer 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 RSSL. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

#### **Plan Description and Benefits Provided Employees' Retirement System (ERS)(System) - Continued**

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

#### **Summary of Significant Accounting Policies**

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

#### **Contributions**

The School District is required to contribute at an actuarially determined rate. The School District contributions made to the Systems were equal to 100% of the contributions required, and were as follows:

	<u>ERS</u>	<u>TRS</u>
2021	\$ 476,082	\$ 1,394,466
2020	452,385	1,631,737
2019	440,939	1,475,554

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

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

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

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

	ERS	TRS
Actuarial Valuation Date	4/1/2020	6/30/2019
Net Pension Asset/Liability	\$ 99,573,957	\$ 2,763,270,835
School District's Proportionate Share of the Plan's Total Net Pension Asset/Liability	10,366	2,562,171
School District's Share of the Net Pension Asset/Liability	0.0104102%	0.092722%

For the year ended June 30, 2021, the School District recognized pension expense of \$279,468 for ERS and \$3,531,460 for TRS in the District-wide financial statements. At June 30, 2021 the School District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	\$ 126,595	\$ 2,244,974	\$ -	\$ 131,306
Changes of Assumptions	1,905,946	3,240,550	35,947	1,155,087
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	1,673,322	2,977,683	-
Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions	136,597	286,937	10,540	56,560
School District's Contributions Subsequent to the Measurement Date	131,738	1,502,596	-	-
<b>Total</b>	<b>\$2,300,876</b>	<b>\$ 8,948,379</b>	<b>\$ 3,024,170</b>	<b>\$ 1,342,953</b>

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

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

School District contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension asset/liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	ERS	TRS
2022	\$ (136,222)	\$ 1,079,983
2023	(27,035)	2,096,716
2024	(133,630)	1,713,620
2025	(558,145)	1,048,636
2026	-	50,292
Thereafter	-	113,583

**Actuarial Assumptions**

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2021	June 30, 2020
Actuarial Valuation Date	April 1, 2020	June 30, 2019
Interest Rate of Return	5.9%	7.1%
Salary Increases	4.4%	1.9%-4.72%

For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP 2018, applied on a generational basis.

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2019.

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

**Actuarial Assumptions - Continued**

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

Measurement Date	ERS March 31, 2021	TRS June 30, 2020
Asset Type:		
Domestic Equities	4.05%	7.10%
International Equities	6.30%	7.70%
Global Equities	-	7.40%
Real Estate	4.95%	6.80%
Private Equity/Alternative Investments	6.75%	10.40%
Opportunistic Portfolio	4.50%	-
Real Assets	5.95%	-
Cash	0.50%	-
Credit	3.63%	
Domestic Fixed Income Securities	-	1.80%
Global Fixed Income Securities	-	1.00%
Private Debt	-	5.20%
Real Estate Debt	-	3.60%
High-Yield Fixed Income Securities	-	3.90%
Short-Term	-	0.70%

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

**Discount Rate**

The discount rate used to calculate the total pension asset/liability was 5.9% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and contributions from employers will be made at statutorily required rates, actuarially. Based on the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/liability.

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

The following presents the School District's proportionate share of the net pension asset/liability calculated using the discount rate of 5.9% for ERS and 7.1% for TRS, as well as what the School District's proportionate share of the net pension asset/liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current rate:

<u>ERS</u>	<u>1% Decrease (4.9%)</u>	<u>Current Assumption (5.9%)</u>	<u>1% Increase (6.9%)</u>
School District's Proportionate Share of the Net Pension Asset/Liability	\$ 2,877,159	\$ 10,366	\$ (2,633,488)
<u>TRS</u>	<u>1% Decrease (6.1%)</u>	<u>Current (7.1%)</u>	<u>1% Increase (8.1%)</u>
School District's Proportionate Share of the Net Pension Asset/Liability	\$ 16,184,351	\$ 2,562,171	\$ (8,870,290)

**Pension Plan Fiduciary Net Position**

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

	<u>Dollars in Thousands</u>	
	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2021	June 30, 2020
Employers' Total Pension Asset/Liability	\$ 220,680,157	\$ 123,242,776
Plan Net Position	(220,580,583)	(120,479,505)
<b>Employers' Net Pension Asset/Liability</b>	<b>\$ 99,574</b>	<b>\$ 2,763,271</b>
Ratio of Plan Net Position to the Employers' Total Pension Asset/Liability	99.9%	97.8%

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

**Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Employee contributions are remitted monthly. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$134,491.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October, and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$1,610,722.

**Current Year Activity**

The following is a summary of current year activity:

	<u>Beginning Balance</u>	<u>Change</u>	<u>Ending Balance</u>
<b>ERS</b>			
Net Pension Liability	\$ 2,687,525	\$ (2,677,159)	\$ 10,366
Deferred Outflows of Resources	(1,816,393)	(484,483)	(2,300,876)
Deferred Inflows of Resources	73,113	2,951,057	3,024,170
Subtotal	<u>944,245</u>	<u>(210,585)</u>	<u>733,660</u>
<b>TRS</b>			
Net Pension Liability	(2,391,482)	4,953,653	2,562,171
Deferred Outflows of Resources	(7,907,103)	(1,041,276)	(8,948,379)
Deferred Inflows of Resources	3,227,182	(1,884,229)	1,342,953
Subtotal	<u>(7,071,403)</u>	<u>2,028,148</u>	<u>(5,043,255)</u>
<b>Total</b>	<u><b>\$ (6,127,158)</b></u>	<u><b>\$ 1,817,563</b></u>	<u><b>\$ (4,309,595)</b></u>

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

#### General Information about the OPEB Plan

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

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

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

Inactive Employees or Beneficiaries Currently Receiving Benefit	220
Active Members	<u>362</u>
<b>Total</b>	<b><u>582</u></b>

#### Total OPEB Liability

The School District's total OPEB liability of \$52,034,458 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

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

Single Discount Rate	2.16%
Salary Scale	Varies, based on NYS TRS & ERS
Rate of Inflation	2.50%
Marital Assumption	70.00%
Participation Rate	100% for Retirees 80.00% for Spouses
Healthcare Cost Trend Rates	5.70% for 2020, Decreasing to an Ultimate Rate of 4.04% by 2075



# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

#### Total OPEB Liability - Continued

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the following:

- Mortality rates were based on Pub-2010 Teachers and General Employees Headcount-Weighted table projected fully generationally using MP-2020.
- Termination and retirement rates were based on NYS ERS assumptions first adopted on April 1, 2020 and NYS TRS assumptions first adopted on June 30, 2020.
- Medical trend rates are based on the 2020 Getzen model with initial trend rate of 5.70% decreasing gradually to an ultimate rate of 4.04% in 2075.
- Dental trend rates are based on an initial rate of 4.00% decreasing by 0.25% annually to an ultimate rate of 3.00%.
- Actual spousal health coverage election was used for existing retirees.

The actuarial assumptions used in the June 30, 2020 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

#### Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
<b>Balance at June 30, 2020</b>	<u>\$ 61,741,173</u>
<b>Changes for the Year</b>	
Service Cost	3,069,345
Interest Cost	1,416,922
Changes of Benefit Terms	884,733
Differences Between Expected and Actual Experience	(827,703)
Changes in Assumptions or Other Inputs	(12,849,515)
Benefit Payments	(1,400,497)
Net Change	<u>(9,706,715)</u>
<b>Balance at June 30, 2021</b>	<u><b>\$ 52,034,458</b></u>

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

**Changes in the Total OPEB Liability - Continued**

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% at the measurement date of June 30, 2020 to 2.16% in June 30, 2021.

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

	<b>1% Decrease (1.16%)</b>	<b>Discount Rate (2.16%)</b>	<b>1% Increase (3.16%)</b>
Total OPEB Liability	\$ 63,804,463	\$ 52,034,458	\$ 43,007,254

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

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 41,415,788	\$ 52,034,458	\$ 66,558,412

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

For the year ended June 30, 2021, the School District recognized OPEB expense of \$4,237,974.

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 215,345	\$ (1,052,518)
Changes in Assumptions or Other Inputs	10,063,323	(17,202,505)
<b>Total</b>	<b>\$ 10,278,668</b>	<b>\$(18,255,023)</b>

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

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

Fiscal Year Ending June 30,	Amount
2022	\$ (1,133,026)
2023	(1,133,026)
2024	(1,133,026)
2025	(1,133,026)
2026	(911,163)
Thereafter	(2,533,088)

**Current Year Activity**

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
Other Postemployment Benefits Liability	\$ 61,741,173	\$ (9,706,715)	\$ 52,034,458
Deferred Outflows of Resources	(11,991,780)	1,713,112	(10,278,668)
Deferred Inflows of Resources	7,423,943	10,831,080	18,255,023
<b>Total Effect on Net Position</b>	<b>\$ 57,173,336</b>	<b>\$ 2,837,477</b>	<b>\$ 60,010,813</b>

**Note 12 Commitments and Contingencies**

**Risk Financing and Related Insurance - General Information**

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

**Risk Financing and Related Insurance - Health Insurance**

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

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

#### **Risk Financing and Related Insurance - Health Insurance - Continued**

School districts joining the Plan must remain members for a minimum of one year; a member school district may withdraw from the Plan after that time by providing notice to the consortium prior to May 1, immediately preceding the commencement of the next school year. Plan members include 26 school districts, with the School District bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities.

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

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

During the year ended June 30, 2021, the School District incurred premiums or contribution expenditures totaling \$5,935,562.

The Plan financial statements may be obtained from Central New York Health Insurance Trust, 6820 Thompson Road, PO Box 4754, Syracuse, New York 13221.

#### **Risk Financing and Related Insurance - Workers' Compensation**

The School District is self-insured for workers' compensation claims. Judgments and claims are recorded when it is probable that a liability has been incurred and the claim amount can be reasonably estimated. As of June 30, 2020, the School District had reserved \$1,066,863 in the General Fund to fund any claims. Workers' compensation charges for the year ended June 30, 2021 were \$122,315.

#### **Other Litigation**

The School District is and may be a named party in certain litigations. The School District is being represented by legal counsel of the School District and insurance companies as applicable. In the opinion of School District officials and legal counsel, these claims are either adequately covered by insurance, will not result in material judgments against the School District, or will not be pursued and, accordingly, are not expected to have a material effect on the financial statements. There have been no judgments against the School District in excess of insurance coverage for the last three years.

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

### Note 12 Commitments and Contingencies - Continued

#### Other Items

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

### Note 13 Lease Obligations

The School District utilizes operating leases for the use of transportation equipment. The terms, interest rate, and annual payments for each lease are summarized below:

	<u>Dated</u>	<u>Term</u>	<u>Interest Rate</u>	<u>Annual Payment</u>
2019 Lease	7/3/2018	5 years	2.75%	\$ 60,736
2019 Lease	7/3/2018	5 years	2.75%	14,695
2018 Lease	7/11/2017	5 years	2.80%	101,666

Combined future minimum payments under these agreements are as follows:

2022	\$ 177,097
2023	<u>75,431</u>
<b>Total</b>	<b><u>\$ 252,528</u></b>

The School District's operating lease expenses were \$285,073 for year ended June 30, 2021.

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

**Note 14 Fund Balance Detail**

At June 30, 2021, nonspendable, restricted, assigned, and unassigned fund balance in the Governmental Funds was as follows:

	General Fund	Debt Service Fund	Non-Major Funds	
			School Lunch Fund	Miscellaneous Special Revenue Fund
<b>Nonspendable</b>				
Inventory	\$ -	\$ -	\$ 19,879	\$ -
<b>Total Nonspendable Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,879</b>	<b>\$ -</b>
<b>Restricted</b>				
Retirement Contribution Reserve	\$ 1,436,996	\$ -	\$ -	\$ -
Unemployment Insurance Reserve	248,446	-	-	-
Workers' Compensation Reserve	1,066,863	-	-	-
Employee Benefit Accrued Liability Reserve	1,837,674	-	-	-
Tax Certiorari Benefit Reserve	100,010	-	-	-
Capital Reserve	131,951	-	-	-
Scholarships	-	-	-	103,074
Debt Service	-	5,399,188	-	-
<b>Total Restricted Fund Balance</b>	<b>\$4,821,940</b>	<b>\$5,399,188</b>	<b>\$ -</b>	<b>\$ 103,074</b>
<b>Assigned</b>				
Appropriated for Next Year's Budget	\$ 680,000	\$ -	\$ -	\$ -
Encumbered for:				
General Support	38,310	-	-	-
Instruction	467,877	-	-	-
<b>Total Assigned Fund Balance</b>	<b>\$1,186,187</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Unassigned Fund Balance</b>	<b>\$1,770,646</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

**Note 15 Restricted Fund Balances**

Portions of restricted fund balance are reserved and not available for current expenditures as reported in the Governmental Funds Balance Sheet. The balances and activity of the General Fund, Debt Service Fund, and School Lunch Fund reserves for the year ended June 30, 2021 were as follows:

Restricted Fund Balances	Beginning Balance	Additions	Interest Earned	Appropriated	Ending Balance
<b>General Fund</b>					
Retirement Contribution Reserve	\$ 1,609,517	\$ 27,309	\$ 170	\$ (200,000)	\$ 1,436,996
Employee Benefit Accrued Liability Reserve	1,837,454	-	220	-	1,837,674
Unemployment Insurance Reserve	248,420	-	26	-	248,446
Workers' Compensation Reserve	1,066,543	-	320	-	1,066,863
Tax Certiorari Reserve	100,109	100,000	11	(100,110)	100,010
Capital Reserve	131,937	-	14	-	131,951
<b>Total General Fund</b>	<b>\$4,993,980</b>	<b>\$ 127,309</b>	<b>\$ 761</b>	<b>\$ (300,110)</b>	<b>\$4,821,940</b>
<b>Debt Service Fund</b>	<b>\$5,473,189</b>	<b>\$ 19,203</b>	<b>\$ 6,796</b>	<b>\$ (100,000)</b>	<b>\$5,399,188</b>
<b>School Lunch Fund</b>	<b>\$ 80,860</b>	<b>\$ 678,534</b>	<b>\$ -</b>	<b>\$ (759,394)</b>	<b>\$ -</b>

**Note 16 Stewardship, Compliance and Accountability**

**Deficit Net Position**

At June 30, 2021, the District-wide Statement of Net Position had an unrestricted deficit net position of \$56,318,637. This is primarily the result of the requirement to record other postemployment benefit liability with no requirement or mechanism to fund this liability (see Note 11). The deficit is not expected to be eliminated during the normal course of operations.

The School Lunch Fund had a deficit fund balance of \$11,292 at June 30, 2021 due to a current year excess of expenditures. The deficit is expected to be eliminated by additional revenues or transfers from the General Fund.

The Capital Projects Fund had a deficit fund balance of \$1,210,396. This will be eliminated when short-term debt is converted to long-term debt.

**Note 17 Tax Abatements**

For the year ended June 30, 2021, property in the School District was subject to property tax abatements negotiated by the Cortland County Industrial Development Agency (CCIDA) and the Village of Homer (the Village).

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

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

**Note 17 Tax Abatements - Continued**

The Village entered into a property tax abatement agreement (Act) with a local business under Chapter 535 of the 1971 Laws of New York State for the purpose of encouraging economic growth. Under the Act, localities may grant property tax abatements of up to 100% of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the Village.

Information relevant to disclosure of the programs for the year ended June 30, 2021 is as follows:

	<u>Taxable Assessed Value</u>	<u>Combined Tax Rates</u>	<u>Tax Value</u>	<u>PILOT Received</u>	<u>Taxes Abated</u>
<b>Cortland County Industrial Development Agency</b>					
Forkey Construction & Fabricating Inc.	\$ 1,701,000	21.27	\$ 36,181	\$ 18,091	\$ 18,090
NY Susquehanna & Western Railway	164,835	21.27	3,506	3,506	-
<b>Village of Homer</b>					
Cortland Housing Authority	562,637	21.27	11,968	2,565	9,403
Homer Housing Company	559,890	21.27	11,909	1,440	10,469
<b>Total PILOT Agreements</b>	<b>\$ 2,988,362</b>		<b>\$ 63,564</b>	<b>\$ 25,602</b>	<b>\$ 37,962</b>

**Note 18 Restatement**

During the year, the School District adopted GASB Statement No. 84. The School District's June 30, 2021 net position/fund balance for Governmental Activities, Governmental Funds, and Fiduciary Activities has been restated to reflect the following:

	<u>Net Position (Deficit)</u>	<u>Governmental Funds Fund Balance</u>	<u>Custodial Fund Balance</u>
<b>Balance Beginning of Year, as Previously Reported</b>	\$ (11,596,356)	\$ 13,070,130	\$ -
GASB Statement No. 84 Implementation	105,369	105,369	133,767
<b>Balance Beginning of Year, as Restated</b>	<b>\$ (11,490,987)</b>	<b>\$ 13,175,499</b>	<b>\$ 133,767</b>



# HOMER CENTRAL SCHOOL DISTRICT

## SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-U.S. GAAP) GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
<b>Local Sources</b>				
Real Property Taxes	\$ 14,781,181	\$ 14,781,181	\$ 14,781,181	\$ -
Real Property Tax Items	2,145,563	2,145,563	2,145,622	59
Nonproperty Taxes	2,500	2,500	2,105	(395)
Charges for Services	42,797	42,797	689	(42,108)
Use of Money and Property	87,852	87,852	50,186	(37,666)
Sale of Property and Compensation for Loss	38,346	38,346	40,025	1,679
Miscellaneous	405,700	405,700	394,477	(11,223)
<b>Total Local Sources</b>	<u>17,503,939</u>	<u>17,503,939</u>	<u>17,414,285</u>	<u>(89,654)</u>
State Sources	25,135,348	25,135,348	23,905,068	(1,230,280)
Federal Sources	47,674	47,674	483,402	435,728
<b>Total Revenues</b>	<u>42,686,961</u>	<u>42,686,961</u>	<u>41,802,755</u>	<u>(884,206)</u>
<b>OTHER FINANCING SOURCES</b>				
Operating Transfers In	925,978	925,978	100,000	(825,978)
<b>Total Revenues and Other Financing Sources</b>	<u>43,612,939</u>	<u>43,612,939</u>	<u>\$ 41,902,755</u>	<u>\$ (1,710,184)</u>
<b>Appropriated Fund Balance</b>	<u>680,000</u>	<u>680,000</u>		
<b>Encumbrances Carried Forward from Prior Year</b>	<u>124,269</u>	<u>124,269</u>		
<b>Total Revenues, Appropriated Reserves, and Designated Fund Balance</b>	<u>\$ 44,417,208</u>	<u>\$ 44,417,208</u>		

*See Notes to Required Supplementary Information*

# HOMER CENTRAL SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-U.S. GAAP) GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>					
<b>General Support</b>					
Board of Education	\$ 25,689	\$ 21,701	\$ 21,700	\$ -	\$ 1
Central Administration	211,180	216,810	211,660		5,150
Finance	564,850	624,815	591,365	612	32,838
Staff	148,719	161,658	161,458	-	200
Central Services	2,713,382	2,743,564	2,324,764	37,698	381,102
Special Items	377,431	403,799	391,741	-	12,058
<b>Total General Support</b>	<b>4,041,251</b>	<b>4,172,347</b>	<b>3,702,688</b>	<b>38,310</b>	<b>431,349</b>
<b>Instruction</b>					
Instruction, Administration, and Improvement	1,299,067	1,299,417	1,258,284	-	41,133
Teaching - Regular School Programs for Children with Handicapping Conditions	12,444,680	12,766,810	11,716,936	168,321	881,553
Occupational Education	4,767,198	4,419,607	4,366,051	300	53,256
Teaching - Special School	1,026,251	1,030,161	1,022,216	-	7,945
Instructional Media	15,000	11,090	-	-	11,090
Pupil Services	1,404,030	1,667,586	1,361,892	279,858	25,836
<b>Total Instruction</b>	<b>23,329,623</b>	<b>23,581,169</b>	<b>21,865,571</b>	<b>467,877</b>	<b>1,247,721</b>
Pupil Transportation	2,334,319	1,889,525	1,749,811	-	139,714
Community Services	-	19,244	19,244	-	-
Employee Benefits	10,595,215	10,203,657	9,838,881	-	364,776
<b>Debt Service</b>					
Principal	3,085,000	3,500,286	3,364,495	-	135,791
Interest	931,800	948,098	931,800	-	16,298
<b>Total Debt Service</b>	<b>4,016,800</b>	<b>4,448,384</b>	<b>4,296,295</b>	<b>-</b>	<b>152,089</b>
<b>Total Expenditures</b>	<b>44,317,208</b>	<b>44,314,326</b>	<b>41,472,490</b>	<b>506,187</b>	<b>2,335,649</b>
<b>OTHER FINANCING USES</b>					
Operating Transfers Out	100,000	102,882	102,882	-	-
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 44,417,208</b>	<b>\$ 44,417,208</b>	<b>41,575,372</b>	<b>\$ 506,187</b>	<b>\$ 2,335,649</b>
Net Change in Fund Balance			327,383		
Fund Balance - Beginning of Year			7,451,390		
<b>Fund Balance - End of Year</b>			<b>\$ 7,778,773</b>		

*See Notes to Required Supplementary Information*

# HOMER CENTRAL SCHOOL DISTRICT

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$ 476,082	\$ 452,385	\$ 440,939	\$ 444,713	\$ 446,908	\$ 563,316	\$ 500,913	\$ 631,180	\$ 609,827	\$ 461,529
Contributions in Relation to the Contractually Required Contribution	(476,082)	(452,385)	(440,939)	(444,713)	(466,908)	(563,316)	(500,913)	(631,180)	(609,827)	(461,529)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Employee Payroll	3,445,788	3,337,638	3,216,078	3,214,082	3,112,302	3,220,366	3,064,569	3,183,592	3,251,047	3,099,768
Contributions as a Percentage of Covered Employee Payroll	13.8%	13.6%	13.7%	13.8%	14.4%	17.5%	16.3%	19.8%	18.8%	14.9%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$ 1,502,596	\$ 1,394,466	\$ 1,631,737	\$ 1,475,554	\$ 1,777,175	\$ 2,007,733	\$ 2,654,266	\$ 2,375,633	\$ 1,790,258	\$ 1,603,408
Contributions in Relation to the Contractually Required Contribution	(1,502,596)	(1,394,466)	(1,631,737)	(1,475,554)	(1,777,175)	(2,007,733)	(2,654,266)	(2,375,633)	(1,790,258)	(1,603,408)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Employee Payroll	16,959,323	15,738,894	15,350,301	15,056,673	15,163,309	15,141,275	15,142,989	14,619,280	15,120,422	14,432,115
Contributions as a Percentage of Covered Employee Payroll	8.9%	8.9%	10.6%	9.8%	11.7%	13.3%	17.5%	16.3%	11.8%	11.1%

*See Notes to Required Supplementary Information*

# HOMER CENTRAL SCHOOL DISTRICT

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

	2021	2020	2019	2018	2017	2016	2015
School District's Proportion of the Net Pension Asset/Liability	<b>0.0104102%</b>	0.0101490%	0.0099391%	0.0102250%	0.0106162%	0.0116511%	0.0115939%
School District's Proportionate Share of the Net Pension Asset/Liability	<b>\$ 10,366</b>	\$ 2,687,525	\$ 704,214	\$ 330,008	\$ 997,521	\$ 1,870,036	\$ 391,671
School District's Covered Employee Payroll During the Measurement Period	<b>3,445,788</b>	3,337,638	3,216,078	3,161,366	3,063,304	3,148,176	3,030,571
School District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of its Covered Employee Payroll	<b>0.3%</b>	80.5%	21.9%	10.4%	32.6%	59.4%	12.9%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/Liability	<b>99.9%</b>	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

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

	2021	2020	2019	2018	2017	2016	2015
School District's Proportion of the Net Pension Asset/Liability	<b>0.092722%</b>	0.092051%	0.092943%	0.095015%	0.098267%	0.100798%	0.098969%
School District's Proportionate Share of the Net Pension Asset/Liability	<b>\$ 2,562,171</b>	\$ (2,391,482)	\$ (1,680,662)	\$ (722,205)	\$ 1,052,482	\$ (10,469,734)	\$ (11,024,542)
School District's Covered Employee Payroll During the Measurement Period	<b>15,798,894</b>	15,350,301	15,056,673	15,163,609	15,141,275	15,142,989	14,619,280
School District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of its Covered Employee Payroll	<b>-16.2%</b>	15.6%	11.2%	4.8%	7.0%	69.1%	75.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/Liability	<b>97.8%</b>	102.2%	101.5%	100.7%	99.0%	110.5%	111.5%

*See Notes to Required Supplementary Information*

# HOMER CENTRAL SCHOOL DISTRICT

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Service Cost	\$ 3,069,345	\$ 1,991,625	\$ 1,554,922	\$ 1,616,075	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
Interest Cost	1,416,922	1,653,067	2,010,288	1,816,998	*	*	*	*	*	*
Changes of Benefit Terms	884,733	-	-	-	*	*	*	*	*	*
Differences Between Expected and Actual Experience	(827,703)	287,127	(492,417)	-	*	*	*	*	*	*
Changes in Assumptions or Other Inputs	(12,849,515)	13,417,765	(6,949,561)	(2,564,537)	*	*	*	*	*	*
Benefit Payments	(1,400,497)	(1,413,232)	(1,404,494)	(1,073,198)	*	*	*	*	*	*
	<u>(9,706,715)</u>	<u>15,936,352</u>	<u>(5,281,262)</u>	<u>(204,662)</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Total OPEB Liability - Beginning	<u>61,741,173</u>	<u>45,804,821</u>	<u>51,086,083</u>	<u>51,290,745</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
<b>Total OPEB Liability - Ending</b>	<b><u>\$52,034,458</u></b>	<b><u>\$ 61,741,173</u></b>	<b><u>\$ 45,804,821</u></b>	<b><u>\$ 51,086,083</u></b>	<b><u>\$ 51,290,745</u></b>	<b><u>*</u></b>	<b><u>*</u></b>	<b><u>*</u></b>	<b><u>*</u></b>	<b><u>*</u></b>
Covered Employee Payroll	\$17,276,045	\$ 19,329,874	\$ 15,756,668	\$ 17,585,722	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	<b>301.19%</b>	<b>319.41%</b>	<b>290.70%</b>	<b>290.50%</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>

\* Information is unavailable and will be present as it becomes available.

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2021

**Note 1 Budget Basis of Accounting**

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

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

The following supplemental appropriations occurred during the year:

Adopted Budget	\$ 44,292,939
Prior Year's Encumbrances	124,269
Original Budget	<u>44,417,208</u>
<b>Final Budget</b>	<b><u><u>\$ 44,417,208</u></u></b>

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

Annual legal budgets are not adopted for the Special Revenue Funds (Special Aid and School Lunch). Budgetary controls for the Special Aid Fund are established in accordance with applicable grant agreements. In addition, special aid funds may cover a period other than the School District's fiscal year. Budgetary controls for the School Lunch are established based on prior performance and anticipated future activity.

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

No adjustment is necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget basis. Encumbrances, if present, are presented in a separate column and are not included in the actual results at June 30, 2021.

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

Changes of Assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rates was changed from 2.21% to 2.16%. The discount rates are inputs taken from the rate for a 20-year high-quality tax-exempt municipal bond index as of each measurement date. The Getzen trend table was updated for 2020 using model v2020\_b. Mortality Tables were also adjusted back to 2006 using scale MP-2014 and projected forward using scale MP-2020.

Changes to Benefit Terms - No changes were made to the benefit terms.

# ***HOMER CENTRAL SCHOOL DISTRICT***

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2021**

***Note 4***    **Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability**

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

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

### **NYSLRS**

#### **Changes in Benefit Terms**

There were no significant legislative changes in benefits for the April 1, 2020 actuarial valuation.

#### **Changes of Assumptions**

2021: The demographic assumptions (pensioner mortality and active member decrements) were updated based on the System's experience from April 1, 2015 through March 31, 2020, the mortality improvement assumption was updated to Society of Actuaries Scale MP-2020, inflation was updated to 2.7%, cost-of-living updated to 1.4%, salary scale updated to 4.4%, and the interest rate assumption was reduced to 5.9% for the April 1, 2020 actuarial valuation.

2020: The interest rate assumption was reduced to 6.8% and the mortality improvement assumption was updated to Societies of Actuaries' Scale MP-2018 for the April 1, 2019 actuarial valuation.

2019: The salary scales for both plans used in the April 1, 2018 actuarial valuation were increased by 10%.

2016: There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2015 actuarial valuation.

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2021

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

### NYSLRS - Continued

#### Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2019 actuarial valuation determines the employer rates for contributions payable in fiscal year 2021. The following actuarial methods and assumptions were used:

Actuarial Cost Method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset Valuation Period	Five-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.5%
Salary Scale	4.2% in ERS, indexed by service.
Investment Rate of Return	6.8% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3% annually.
Active Member Decrements	Based upon FY 2011-2015 experience.
Pensioner Mortality	Gender/Collar specific tables based upon FY2011-2015 experience.
Mortality Improvement	Society of Actuaries' Scale MP-2018.

### NYSTRS

#### Changes in Benefit Terms

Effective with the 2019 actuarial valuation, an increase in the New York State Governor's salary limit from \$179,000 to \$250,000 per annum went into effect, impacting Tier 6 members. The Governor's salary limit was \$200,000 in 2019, \$225,000 in 2020, and \$250,000 thereafter.



# **HOMER CENTRAL SCHOOL DISTRICT**

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2021**

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

#### **NYSTRS - Continued**

##### **Changes of Assumptions**

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

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

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

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

Effective with the 2020 actuarial valuation, the assumed scale for mortality improvement was changed from MP2018 to MP2019. Effective with the 2019 actuarial valuation, the assumed scale for mortality improvement was changed from MP2014 to MP2018.

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

##### **Methods and Assumptions Used in Calculations of Actuarially Determined Contributions**

The actuarially determined contribution rates in the Schedule of School Districts' Contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine school districts' contributions in 2020. For assumptions and plan provisions used in contributions reported for years prior to 2020, refer to the Annual Actuarial Report for two years prior to the end of the fiscal year in which contributions are reported.

# **HOMER CENTRAL SCHOOL DISTRICT**

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2021**

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

**Methods and Assumptions Used in Calculations of Actuarially Determined Contributions - Continued**

Actuarial Cost Method

The System is funded in accordance with the Aggregate Cost Method, which does not identify nor separately amortize unfunded actuarial liabilities. Costs are determined by amortizing the unfunded present value of benefits over the average future working lifetime of active plan members, which currently for NYSTRS is approximately 13 years.

Asset Valuation Method

Five-year phased in deferred recognition of each year's net investment income/loss in excess of (or less than) the assumed valuation rate of interest at a rate of 20.0% per year, until fully recognized after five years.

Inflation

2.25%

Projected Salary Increases

Rates of increase differ based on age and gender. They have been calculated based upon recent NYSTRS member experience.

<u>Service</u>	<u>Rate</u>
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Investment Rate of Return

7.25% compounded annually, net of investment expenses, including inflation.

Projected Cost of Living Adjustments

1.5% compounded annually.

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

# HOMER CENTRAL SCHOOL DISTRICT

## SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT FOR THE YEAR ENDED JUNE 30, 2021

### CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 44,292,939
Prior Year's Encumbrances	124,269
	<u>44,417,208</u>
Original Budget	44,417,208
	<u>44,417,208</u>
<b>Final Budget</b>	<b><u>44,417,208</u></b>

### §1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

<b>Next Year's Budget is a Voter Approved Budget</b>	<b><u>44,266,152</u></b>
Maximum Allowed (4% of 2021-2022 Budget)	\$ 1,770,646
General Fund Fund Balance Subject to §1318 of Real Property Tax Law	
Unrestricted Fund Balance:	
Assigned Fund Balance	\$ 1,186,187
Unassigned Fund Balance	1,770,646
Total Unrestricted Fund Balance	<u>2,956,833</u>
Less:	
Appropriated Fund Balance	\$ 680,000
Encumbrances Included in Assigned Fund Balance	506,187
Total Adjustments	<u>1,186,187</u>
<b>General Fund Fund Balance Subject to §1318 of Real Property Tax Law</b>	<b><u>1,770,646</u></b>
<b>Actual Percentage</b>	<b>4.00%</b>

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

# HOMER CENTRAL SCHOOL DISTRICT

## SCHEDULE OF PROJECT EXPENDITURES CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2021

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Methods of Financing			Fund Balance (Deficit) June 30, 2021
			Prior Years	Current Year	Total		Proceeds of Obligations	Local Sources	Total	
Phase III 02-012	\$ 900,482	\$ 900,482	\$ 438,948	\$ -	\$ 438,948	\$ 461,534	\$ 315,033	\$ -	\$ 315,033	\$ (123,915) *
HS Stadium Renovations 002-014	1,093,545	1,093,545	911,419	-	911,419	182,126	693,545	400,000	1,093,545	182,126 *
Bus Garage 5003-010	100,000	100,000	97,520	-	97,520	2,480	-	100,000	100,000	2,480 *
Bus Garage 5003-011	100,000	100,000	96,000	-	96,000	4,000	-	100,000	100,000	4,000 *
Sr. HS 002-015	1,350,118	1,350,118	-	430,747	430,747	919,371	1,435,824	-	1,435,824	1,005,077 *
Jr. HS 007-012	2,025,266	2,025,266	-	646,204	646,204	1,379,062	2,154,013	28	2,154,041	1,507,837 *
Elem. 006-012	601,367	601,367	-	191,804	191,804	409,563	639,345	-	639,345	447,541 *
Bus Garage 5003-013	252,384	252,384	-	106,360	106,360	146,024	-	100,000	100,000	(6,360) *
BANs Redeemed from Appropriations	-	-	-	-	-	-	(4,229,182)	-	(4,229,182)	(4,229,182) *
<b>Totals</b>	<b>\$ 6,423,162</b>	<b>\$ 6,423,162</b>	<b>\$ 1,543,887</b>	<b>\$ 1,375,115</b>	<b>\$ 2,919,002</b>	<b>\$ 3,504,160</b>	<b>\$ 1,008,578</b>	<b>\$ 700,028</b>	<b>\$ 1,708,606</b>	<b>\$ (1,210,396) *</b>

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

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

# HOMER CENTRAL SCHOOL DISTRICT

## SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS FOR THE YEAR ENDED JUNE 30, 2021

<b>Capital Assets, Net</b>	<u>\$ 53,285,870</u>
Add:	
Deferred Charges on Defeased Debt	<u>148,814</u>
Deduct:	
Premium on Bonds	<u>(2,853,879)</u>
Bond Anticipation Notes	<u>(4,229,182)</u>
Short-Term Portion of Bonds Payable	<u>(2,970,000)</u>
Short-Term Portion of Installment Purchase Debt	<u>(262,339)</u>
Long-Term Portion of Bonds Payable	<u>(14,975,000)</u>
Long-Term Portion of Installment Purchase Debt	<u>(1,226,675)</u>
Unspent Bond Proceeds	<u>2,960,399</u>
<b>Net Investment in Capital Assets</b>	<u><u>\$ 29,878,008</u></u>

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

# HOMER CENTRAL SCHOOL DISTRICT

## BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2021

	Special Revenue Funds			Total Non-Major Governmental Funds
	Special Aid Fund	School Lunch Fund	Misc. Special Revenue Fund	
<b>ASSETS</b>				
Cash - Unrestricted	\$ 16,488	\$ 111,791	\$ -	\$ 128,279
Cash - Restricted	-	-	102,974	102,974
Due from Other Funds	34,836	-	100	34,936
State and Federal Aid	713,617	170,295	-	883,912
Inventories	-	19,879	-	19,879
<b>Total Assets</b>	<b>\$ 764,941</b>	<b>\$ 301,965</b>	<b>\$ 103,074</b>	<b>\$ 1,169,980</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,750	\$ 12,675	\$ -	\$ 14,425
Due to Other Funds	748,565	280,347	-	1,028,912
Due to Other Governments	-	17	-	17
Unearned Revenues	14,626	20,218	-	34,844
<b>Total Liabilities</b>	<b>764,941</b>	<b>313,257</b>	<b>-</b>	<b>1,078,198</b>
<b>FUND BALANCES</b>				
Nonspendable	-	19,879	-	19,879
Restricted	-	-	103,074	103,074
Unassigned (Deficit)	-	(31,171)	-	(31,171)
<b>Total Fund (Deficit) Balances</b>	<b>-</b>	<b>(11,292)</b>	<b>103,074</b>	<b>91,782</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 764,941</b>	<b>\$ 301,965</b>	<b>\$ 103,074</b>	<b>\$ 1,169,980</b>

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

# HOMER CENTRAL SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds			Total Non-Major Governmental Funds
	Special Aid Fund	School Lunch Fund	Misc. Special Revenue Fund	
<b>REVENUES</b>				
Nonproperty Taxes	\$ -	\$ -	\$ 10	\$ 10
Use of Money and Property	-	9	-	9
Miscellaneous	-	1,318	650	1,968
State Sources	156,098	22,034	-	178,132
Federal Sources	1,022,608	639,614	-	1,662,222
Sales - School Lunch	-	15,559	-	15,559
<b>Total Revenues</b>	1,178,706	678,534	660	1,857,900
<b>EXPENDITURES</b>				
Instruction	1,180,088	440,259	2,955	1,623,302
Employee Benefits	1,500	154,180	-	155,680
Cost of Sales	-	176,247	-	176,247
<b>Total Expenditures</b>	1,181,588	770,686	2,955	1,955,229
Excess (Deficiency) of Revenues Over Expenditures	(2,882)	(92,152)	(2,295)	(97,329)
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Premium on Obligations	-	-	-	-
Operating Transfers In	2,882	-	-	2,882
Operating Transfers (Out)	-	-	-	-
<b>Total Other Sources (Uses)</b>	2,882	-	-	2,882
Net Change in Fund Balances	-	(92,152)	(2,295)	(94,447)
Fund Balances (Deficit) - Beginning of Year	-	80,860	105,369	186,229
<b>Fund Balances (Deficit) - End of Year</b>	\$ -	\$ (11,292)	\$ 103,074	\$ 91,782

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

Board of Education  
Homer Central School District  
Homer, New York

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

**Internal Control Over Financial Reporting**

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

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

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



**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

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

Respectfully submitted,

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
[Date], 2021

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

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

Board of Education  
Homer Central School District  
Homer, New York

**Report on Compliance for Each Major Federal Program**

We have audited Homer Central School District's (the School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2021. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

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

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

### **Opinion on Each Major Federal Program**

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

### **Report on Internal Control Over Compliance**

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

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

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

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

Respectfully submitted,

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
[Date], 2021

# HOMER CENTRAL SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass - Through Grantor Program Title	Federal CFDA #	Pass - Through Grantor #	Pass - Through to Subrecipients	Expenditures
<b>U.S. Department of Education</b>				
Passed Through NYS Department of Education:				
Title I Grants to Local Educational Agencies	84.010	0021210570	\$	\$ 404,878
Special Education Cluster:				
Special Education - Grants to States	84.027	0032210154	-	519,754
Special Education - Preschool Grants	84.173	0033210154	-	13,522
Total Special Education Cluster			-	533,276
COVID-19 Education Stabilization Fund:				
Governor's Emergency Education Relief (GEER) Fund	84.425C	5895210465	-	63,762
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	5895210465	-	372,267
Total Education Stabilization Fund			-	436,029
Supporting Effective Instruction State Grants	84.367	0147210570	-	65,358
Student Support and Academic Enrichment Program	84.424	2004210570	-	19,095
<b>Total Department of Education</b>			-	1,458,636
<b>U.S. Department of Agriculture</b>				
Passed Through NYS Department of Education:				
Child Nutrition Cluster:				
COVID-19 Summer Food Service Program	10.559	(1)	-	639,614
Total Child Nutrition Cluster			-	639,614
<b>Total U.S. Department of Agriculture</b>			-	639,614
<b>Total Expenditures of Federal Awards</b>			<b>\$</b>	<b>\$ 2,098,250</b>

(1) Denotes - Unable to Obtain from Pass-Through Entity

*See Notes to Schedule of Expenditures of Federal Awards*

# HOMER CENTRAL SCHOOL DISTRICT

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2021

**Note 1 Basis of Presentation**

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

**Note 2 Basis of Accounting**

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

**Note 3 Indirect Costs**

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

**Note 4 Matching Costs**

Matching costs, such as the School District's share of certain program costs, are not included in the reported expenditures.

**Note 5 Non-Monetary Federal Program**

The School District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program." During the year ended June 30, 2021, the School District received \$42,981 worth of commodities under the Summer Food Service Program (CFDA #10.559).

**Note 6 Subrecipients**

No amounts were provided to subrecipients.

**Note 7 Other Disclosures**

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

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

# HOMER CENTRAL SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

### Section I Summary of Auditors' Results

#### Financial Statements

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified?      yes   X   no

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

Noncompliance material to financial statements noted?      yes   X   no

#### Federal Awards

Internal control over major programs:

Material weakness(es) identified?      yes   X   no

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

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

Any audit findings disclosed that are required to be reported in accordance with 28 CFR 200.516(a)?      yes   X   no

#### Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
<u>84.027, 84.173</u>	<u>Special Education Cluster</u>

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

Auditee qualified as low risk?   X   yes      no

Section II Financial Statement Findings None

Section III Federal Award Findings and Questioned Costs None

**The Homer Central School district BOE will approve the following Corrective Action Plan (s).  
Homer Central School District from Audit year-end dated June 30, 2021**

**Financial Statement Corrective Action Plan- No Findings or Deficiencies**

**Extra Classroom**

<b>Finding</b>	<b>Actions Planned</b>	<b>Person(s) Responsible</b>	<b>Dates of Completion</b>
<b>Homer High School</b> During our current year audit, 6 of 10 receipts did not provide enough documentation to determine if sales tax was paid.	The Extra Classroom Treasurer will ensure that receipts are detailed to show the amount of sales tax paid.	HS Extra Classroom Treasurer	December 31,2021
<b>Homer High School</b> During our current year audit, 4 of 4 applicable receipts did not have a prepared Profit and Loss Statement.	A Profit and Loss Statement will be prepared for every fundraiser.	HS Extra Classroom Treasurer	December 31,2021
<b>Homer JHS</b> During our current year audit, 2 of 3 receipts tested for the Junior High School did not have sufficient supporting documentation to determine timeliness of deposits and that the Central Treasurer documents when money was received and deposited.	JHS Extra Classroom Treasurer will advise all advisors and student treasurers on the importance of turning money in on a timely manner and that receipts be deposited within three business days.	JHS Extra Classroom Treasurer	December 31,2021
<b>Homer JHS</b> During our current year audit, 1 of 3 receipts tested for the Junior High School was not deposited to the Central Treasurer in a timely manner.	Receipts will be deposited to the Central Treasurer within 3 days of being received.	JHS Extra Classroom Treasurer Assistant Superintendent	December 31,2021
<b>Homer JHS</b> During our current year audit, 1 of 3 disbursements did not have enough documentation to determine if sales tax was paid.	JHS Extra Classroom Treasurer will ensure that disbursements are detailed to show the amount of sales tax being paid	JHS Extra Classroom Treasurer	December 31,2021
<b>Homer JHS and Intermediate School</b> During our current year audit, 5 of 10 receipts tested for the High School and 1 of 1 receipts tested for the Intermediate School were not properly authorized with signatures from both the advisor and student treasurer.	Each receipt will be approved by both the advisor and student treasurer via signature before being deposited.	JHS and HS Extra Classroom Treasurer	December 31,2021
<b>Homer HS and JHS</b> During the current year audit, three High School Clubs were financially inactive. During the prior year audit, 1 High School Club was financially inactive.	Inactive clubs be reviewed and presented to the Board of Education for dissolution.	Assistant Superintendent	December 31,2021

**EXTRACLASROOM ACTIVITY FUNDS  
MANAGEMENT COMMENT LETTER**

Board of Education  
Homer Central School District  
Homer, New York

In planning and performing our audit of the financial statements of the Extraclassroom Activity Funds of Homer Central School District as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Homer 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 Homer Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Homer Central School District's internal control.

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

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

During our current year audit, we became aware of other matters with respect to internal control. This letter summarizes these comments and recommendations regarding these matters. This letter does not affect our report dated \_\_\_\_\_, 2021 on the financial statements of the Extraclassroom Activity Funds of Homer Central School District.



## **OTHER MATTERS**

### **Current Year Findings**

#### **Homer High School**

##### Cash Receipts: Supporting Documentation

###### Finding:

During our current year audit, 6 of 10 receipts did not provide enough documentation to determine if sales tax was paid.

###### Recommendation:

We recommend that receipts are detailed to show the amount of sales tax paid.

##### Cash Receipts: Profit & Loss Statements

###### Finding:

During our current year audit, 4 of 4 applicable receipts did not have a prepared Profit and Loss Statement.

###### Recommendation:

We recommend that a Profit and Loss Statement is prepared for every fundraiser.

#### **Homer Junior High School**

##### Cash Receipts: Supporting Documentation

###### Finding:

During our current year audit, 2 of 3 receipts tested for the Junior High School did not have sufficient supporting documentation to determine timeliness of deposits.

###### Recommendation:

We recommend that the Central Treasurer advise all advisors and student treasurers on the importance of turning money in on a timely manner and that receipts be deposited within three business days.

##### Cash Receipts: Timeliness

###### Finding:

During our current year audit, 1 of 3 receipts tested for the Junior High School was not turned over to the Central Treasurer in a timely manner.

###### Recommendation:

We recommend that receipts be turned over to the Central Treasurer within 3 days of being received.

Cash Disbursements: Supporting Documentation

Finding:

During our current year audit, 1 of 3 disbursements did not have enough documentation to determine if sales tax was paid.

Recommendation:

We recommend that disbursements are detailed to show the amount of sales tax being paid.

**Homer High School and Intermediate School**

Cash Receipts: Proper Authorization

Finding:

During our current year audit, 5 of 10 receipts tested for the High School and 1 of 1 receipts tested for the Intermediate School were not properly authorized with signatures from both the advisor and student treasurer.

Recommendation:

We recommend that each receipt is approved by both the advisor and student treasurer via signature before being deposited.

**Current and Prior Year Finding**

**Homer High School and Junior High School**

Inactive Clubs

Finding:

During the current year audit, four High School Clubs were financially inactive. During the prior year audit, 1 High School Club was financially inactive.

Recommendation:

We continue to recommend inactive clubs be reviewed and presented to the Board of Education for dissolution.

**Prior Year Findings Resolved**

**All Schools**

Pre-numbered Receipts

During the prior year audit, copies of receipt forms used the same individual receipt number. Lack of distinct receipt numbers to trace to the individual transactions may cause confusion in internal records.

Resolution:

Receipts were prenumbered in the current year.

**Homer High School**

Cash Disbursements: Proper Authorization

During the prior year audit, 1 of 10 disbursements tested did not have the proper authorizing signatures on the purchase request form.

Resolution:

High School Extra Class disbursements included authorizing signatures on purchase request forms.

**Homer Junior High School**

Cash Receipts: Proper Authorization

During the prior year audit, 2 of 3 receipts did not have proper signatures on the receipt forms.

Resolution:

Homer Junior High School receipts had proper signatures on the receipt forms in the current year.

**Homer Intermediate School**

Student Ledgers

During the prior year audit, one student ledger did not agree with the Central Treasurer's ledger. The difference has been the same for prior years.

Resolution:

Student Ledger agrees with the Central Treasurer's ledger in the current year.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various school district personnel, and we will be pleased to discuss them in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Audit Committee, and the Board of Education and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
\_\_\_\_\_, 2021

## MANAGEMENT COMMENT LETTER

Board of Education  
Homer Central School District  
Homer, New York

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Homer Central School District (the School District) as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Homer Central School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

We would like to thank you and your staff for the cooperation and support given to us during the course of the audit. We appreciate the opportunity to be of service to you and look forward to our continued involvement.

This letter does not affect our report dated \_\_\_\_\_, 2021 on the financial statements of Homer Central School District.

We would like to thank you and your staff for the cooperation and support given to us during the course of the audit. We appreciate the opportunity to be of service to you and look forward to our continued involvement.

Homer Central School District

\_\_\_\_\_, 2021

Page 2

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

Respectfully submitted,

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
\_\_\_\_\_, 2021

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS