

**MCGRAW CENTRAL SCHOOL DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2020**

MCGRAW CENTRAL SCHOOL DISTRICT

JUNE 30, 2020

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MCGRAW CENTRAL SCHOOL DISTRICT

JUNE 30, 2020

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Port, Kashdin & McSherry
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
McGraw Central School District

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 McGraw Central School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 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 McGraw Central School District, as of June 30, 2020, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-11, and budgetary comparison information, Schedule of Funding Progress Other Post-Employment Benefits Plan, Schedules of Local Government Proportionate Share of Net Pension Asset/Liability and Schedules of Local Government Contributions on pages 46-49 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

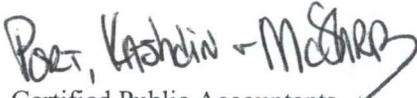
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise McGraw Central School District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The Schedules of Change from Adopted Budget to Final Budget, Use of Unreserved Fund Balance – General Fund, Schedule of Project Expenditures – Capital Projects Fund and Net Investment in Capital Assets, have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2020, on our consideration of McGraw Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering McGraw Central School District's internal control over financial reporting and compliance.


Certified Public Accountants

Cortland, NY
October 7, 2020

MCGRAW CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

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

FINANCIAL HIGHLIGHTS

- During 2020 and 2019, the General Fund expended less than budgeted by \$1,023,192 and \$978,859, respectively.
- Capital asset additions during 2020 amounted to \$4,867,234 and included two buses, several instructional equipment items and the start of the capital project approved by District voters on November 19, 2018.
- The overall indebtedness of the District in terms of Bonds and Bond Anticipation Notes increased to \$9,585,000 at year-end, as a result of scheduled repayments on the Bonds and the usage of a new Bond Anticipation Note for the capital project.
- Total fund balance, including reserves, in the General Fund was \$4,696,681 at June 30, 2020, which increased by \$363,422 due to an excess of revenues over expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

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

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

	Fund Financial Statements		
	District-wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources, expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

**FINANCIAL ANALYSIS OF
MCGRAW CENTRAL SCHOOL DISTRICT AS A WHOLE**

The District's total assets and deferred outflows of resources increased over 32.1% from the prior year to \$41.8 million. (See Table I). Current assets increased by 63.1%, while Capital assets increased as a result of capital purchases exceeding depreciation expense. Noncurrent assets, which includes the District's portion of the TRS pension asset and restricted cash, increased 21.9%, primarily due to changes in the District's portion of the TRS pension. Total cash balances (which include reserves) of the District increased 64.9% from \$5.1 million to \$8.4 million in the current year. The District's noncurrent liabilities increased 20.4%, primarily due to changes in values on post-employment benefits. Current liabilities, which include amounts due to other governments, as well as amounts due to both Teacher and Employee Retirement Systems, and deferred revenues expected to be collected within the next year, increased 290.9% from the prior year, the direct result of the Bond Anticipation Notes due in July 2020, to just under \$10.0 million. Net position for the year decreased to \$4.8 million.

Table I

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2019</i>	<i>2020</i>	<i>2019-2020</i>
Current Assets	\$ 4,863,846	\$ 7,935,068	\$ 3,071,222
Noncurrent Assets	3,097,482	3,775,556	678,074
Capital Assets, Net	16,301,798	20,504,176	4,202,378
<i>Total Assets</i>	<i>24,263,126</i>	<i>32,214,800</i>	<i>7,951,674</i>
OPEB (GASB 75)	42,779	2,832,505	2,789,726
State and Federal Aid Receivable	4,700,551	3,995,424	(705,127)
Deferred Outflows Related to Pensions	2,668,517	2,794,222	125,705
<i>Deferred Outflows of Resources</i>	<i>7,411,847</i>	<i>9,622,151</i>	<i>2,210,304</i>
Current Liabilities	2,552,059	9,976,527	7,424,468
Noncurrent Liabilities	18,169,536	21,877,145	3,707,609
<i>Total Liabilities</i>	<i>20,721,595</i>	<i>31,853,672</i>	<i>11,132,077</i>
Deferred Inflows Related to Pensions	693,184	968,685	275,501
OPEB (GASB 75)	975,217	1,042,100	66,883
Deferred Revenues	3,809,779	3,094,701	(715,078)
<i>Deferred Inflows of Resources</i>	<i>5,478,180</i>	<i>5,105,486</i>	<i>(372,694)</i>
Net Investment in Capital Assets	11,724,798	10,919,176	(805,622)
Restricted	4,945,814	9,317,628	4,371,814
Unrestricted	(11,195,414)	(15,359,011)	(4,163,597)
<i>Total Net Position</i>	<i>\$ 5,475,198</i>	<i>\$ 4,877,793</i>	<i>\$ (597,405)</i>

Table II

<i>Changes in Net Position From Operating Results</i>	<i>Governmental and Total School District</i>		<i>Dollar Change</i>
	<i>2019</i>	<i>2020</i>	<i>2019-2020</i>
<i>Revenues</i>			
Program Revenues:			
Charges for Services	\$ 126,679	\$ 36,920	\$ (89,759)
Operating Grants and Contributions	801,212	1,075,585	274,373
Capital Grants and Contributions	-	-	-
General Revenues:			
Property Taxes	3,120,557	3,177,752	57,195
State Formula Aid	8,628,150	9,016,335	388,185
Federal Aid	40,842	45,438	4,596
Use of Money and Property	22,427	27,449	5,022
Miscellaneous	214,575	196,464	(18,111)
Total Revenues	12,954,442	13,575,943	621,501
<i>Program Expenses</i>			
General Support	1,360,845	1,312,780	(48,065)
Instruction	6,877,251	7,182,634	305,383
Transportation	366,918	327,091	(39,827)
Community Service	-	-	-
Employee Benefits	2,048,994	2,892,390	843,396
Debt Service - Interest	115,505	115,518	13
Depreciation	589,672	617,010	27,338
Capital Outlay	4,391	-	(4,391)
Other Post-employment Benefits	839,010	1,240,438	401,428
School Lunch Program	395,473	485,491	90,018
Total Expenses	12,598,059	14,173,352	1,575,293
Increase (Decrease) in Net Position	\$ 356,383	\$ (597,409)	\$ (953,792)

The District's total revenues increased compared to the prior fiscal year. (See Table II and Figure 1). Property tax revenues increased 1.83% to \$3.2 million and accounted for 23% of total revenues. State aid increased to \$9.0 million and accounted for 67% of total revenues.

The District's total expenses for the fiscal year were \$14.1 million, or a 12.5% increase from the prior year. Of the District's total expenses, Instruction costs are 51% of the total, while General Support costs (which include Central Services) accounted for 9% of total expenses (See Figure 2). Employee Benefit costs increased 41.1% to \$2.9 million or 21% of the District's total expenses, largely due to the District's share of the pension liabilities and related expenses for both TRS and ERS Systems, as well as changes in both deferred inflows and outflows of both. Expenses associated with Post-employment Benefits increased 47.9% and accounted for 9% of the District's total expenses.

For the current year, the overall decrease in net position was approximately \$597,000, compared with the prior year increase of \$356,000.

Figure 1 – Revenues

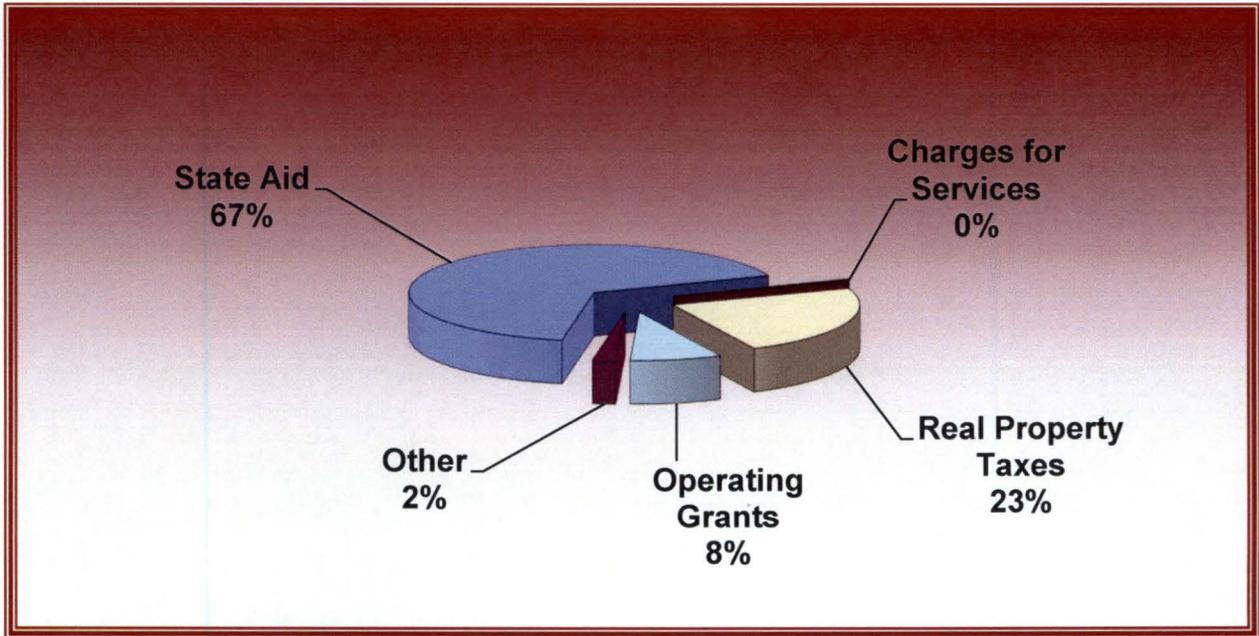
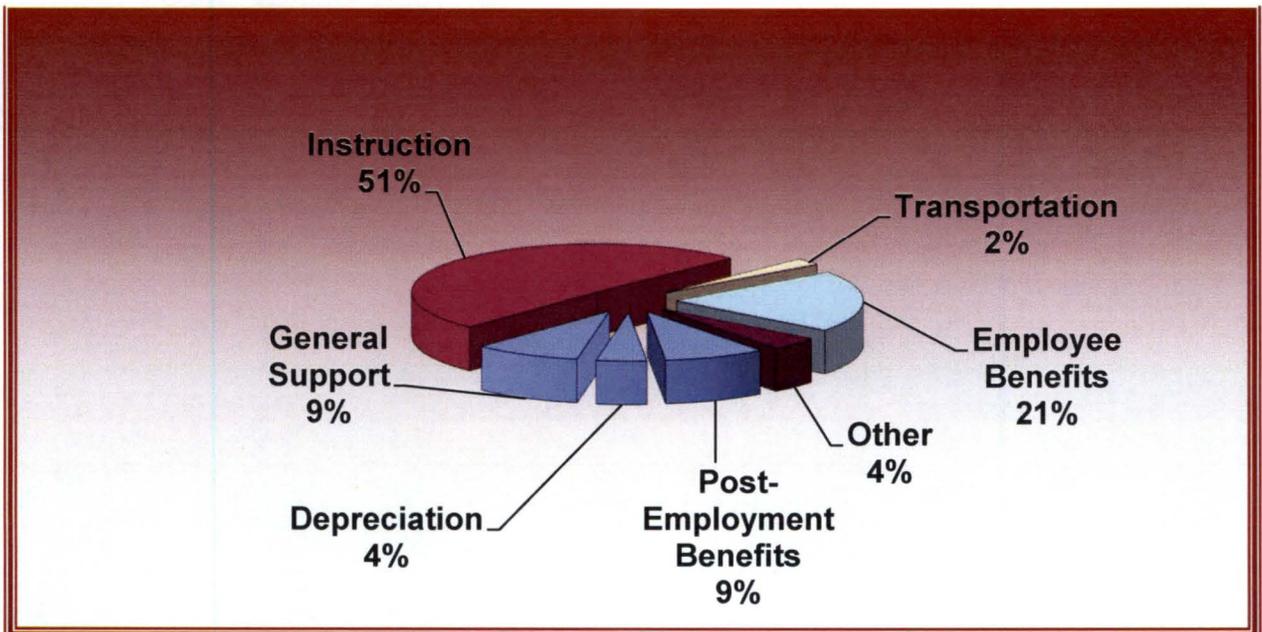


Figure 2 – Expenses



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's governmental funds ended the fiscal year with a combined decrease of \$3,878,688 (see Table III). All funds, except the capital fund, had revenues meeting or exceeding expenditures.

Table III

	<i>Governmental Fund Balances</i>		<i>Total Dollar</i>	<i>Total Percentage</i>
	<i>2019</i>	<i>2020</i>	<i>Change</i> <i>2019-2020</i>	<i>Change</i> <i>2019-2020</i>
General Fund	\$ 4,333,259	\$ 4,696,681	\$ 363,422	8.39%
Special Aid	125	5,687	5,562	4449.60%
School Lunch	11,803	72,879	61,076	114.10%
Capital Project	261,441	(4,047,861)	(4,309,302)	-33.30%
Debt Service	854,530	855,084	554	0.06%
	<u>\$ 5,461,158</u>	<u>\$ 1,582,470</u>	<u>\$ (3,878,688)</u>	-71.02%

GENERAL FUND BUDGETARY HIGHLIGHTS

Although the General Fund final budget anticipated that expenditures would exceed revenues by \$796,475 (the appropriated balance), the actual results for the year report a surplus of \$363,420. Actual revenues were above budgeted expectations by \$108,980, while expenditures (including encumbrances) were \$1,023,192 below budget.

Table IV

<i>Condensed Budgetary</i>	<i>Original</i>	<i>Revised</i>	<i>Actual With</i>	<i>Total Dollar</i>
<i>Comparison General Fund</i>	<i>Budget</i>	<i>Budget</i>	<i>Encumbrances</i>	<i>Variance</i>
REVENUES				
Real Property Taxes	\$ 3,165,805	\$ 3,165,805	\$ 2,590,190	\$ (575,615)
Other Tax Items	5,000	5,000	587,562	582,562
State and Federal Sources	8,829,919	8,829,919	8,829,478	(441)
Other Financing Sources	112,450	112,450	214,924	102,474
<i>Total Revenues and Other</i>				
<i>Financing Sources</i>	<i>\$ 12,113,174</i>	<i>\$ 12,113,174</i>	<i>\$ 12,222,154</i>	<i>\$ 108,980</i>
<i>Appropriated Fund Balances</i>	<i>\$ 770,466</i>	<i>\$ 796,475</i>		
EXPENDITURES				
General Support	\$ 1,557,148	\$ 1,569,044	\$ 1,348,920	\$ 220,124
Instruction	6,792,616	6,834,633	6,537,995	296,638
Pupil Transportation	407,021	407,858	325,241	82,617
Community Service	500	500	-	500
Employee Benefits	3,188,389	3,159,648	2,740,039	419,609
Debt Service	817,966	817,966	817,965	1
Operating Transfers Out	120,000	120,000	116,297	3,703
<i>Total Expenditures and Other</i>				
<i>Financing Uses</i>	<i>\$ 12,883,640</i>	<i>\$ 12,909,649</i>	<i>\$ 11,886,457</i>	<i>\$ 1,023,192</i>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

During the fiscal year, the District invested \$4,867,234 in additional capital assets, consisting of two buses, several instructional equipment items, and the start of the capital project. Depreciation expense for the fiscal year was \$617,010.

Long-term Debt

At year-end, the District's long-term debt consisted of \$3,515,000 of serial bonds outstanding. The serial bonds carry an average interest rate that varies between 1.25% and 3.0% and have a final maturity date of 2027.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The McGraw Central School District had been very aggressive in applying for many types of grants to help fund programs. The District received an Expanded Prekindergarten Grant in 2017-18 which was used to fully fund one section of Prekindergarten. In 2019-20 the District budgeted a \$260,620 increase in state aid, primarily in the form of a Foundation Aid increase and the Community Schools set-aside, which allowed the district to maintain programs and establish healthy reserve fund balances. The District began construction on a capital project and anticipates the project will be complete by the end of 2020.

Due to the COVID-19 pandemic, the last day of in-person instruction was March 16, 2020. Beginning March 17, the District began remote instruction and daily meal and homework deliveries, which lasted through the end of the school year. There were some cost reductions associated with remote instruction including, but not limited to substitute costs, transportation, and the cancelation of spring sports. As a result of the financial uncertainty in future years resulting from the pandemic, the District's unassigned fund balance exceeded 4% for FYE 2020. District officials determined this would help provide the financial flexibility needed to address any reductions in state aid in the coming years. State aid payments in the summer of 2020 were reduced by 20%. It is unclear at this time if this will be a permanent reduction.

In some program areas, the District shifted positions that were previously filled by BOCES itinerants and shared with other districts, to a "district owned" position. Although in some cases, this will result in a decrease in BOCES aid for the District, the District is in a position financially, and with student enrollment, where these programs can no longer be shared. The District continues to contract with BOCES for the business office and food service during 2019-20. Shared services are already in place, but the District is committed to pursuing other opportunities that would benefit the District financially while maintaining current programs.

The District experienced a slight decrease in enrollment in 2019-20 compared to prior years.

The District is further committing funds for lighting and green initiatives to help reduce utility costs through the Net Zero program. However, due to the COVID-19 pandemic, Phase VIII of the Net Zero program did not receive SED approval in time for a project to be completed in 2019-20.

The Employer Contribution Rate for non-instructional Employee Retirement System (ERS) decreased slightly and the instructional Teacher Retirement System (TRS) decreased as well in 2019-20. The District has decided to not opt in to the deferred pension payment plan, as it would be unwise to saddle future boards and District leaders with the cost plus interest. The District has enough reserves in the ERS fund to cover over ten years of payments putting the District in solid financial position. Employer contribution rates for TRS will increase in 2020-21. The Board of Education authorized the creation of the Retirement Contribution Reserve Sub-Fund in April of 2019, pursuant to Section 6-r of the General Municipal Law, which will be used to offset future TRS related expenses.

The constant increase in health insurance costs also poses a challenge to the District. Rates are expected to continue to increase 6-8% annually. The District was able to start controlling the legacy costs of retiree insurance in its contract negotiations with the CSEA in 2014-15. Future retirees will no longer be eligible for Post-Medicare health insurance coverage, in exchange for a \$40,000 health insurance buyout. In 2015-16 this was implemented for Administrative & Exempt employees.

In accordance with GASB 75 the District has completed the analysis by contracting with Questar III BOCES for the service. For year end June 30, 2020, the District's net OPEB is \$17,554,739.

The District has collective bargaining agreements in place with the McGraw Faculty Association (through June 30, 2023) and the CSEA (through June 30, 2021).

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

MCGRAW CENTRAL SCHOOL DISTRICT

**Statement of Net Position
June 30, 2020**

ASSETS

Cash - Unrestricted	\$ 5,327,961
Cash - Restricted	3,101,688
State and Federal Aid Receivable	2,377,186
Other Receivables	24,638
Due From Fiduciary Funds	195,992
Inventories	9,291
Prepaid Expenditures	-
Capital Assets, Not Being Depreciated	2,538
Capital Assets, Being Depreciated, Net of Accumulated Depreciation	20,501,638
Net Pension Asset - Proportionate Share	673,868
Total Assets	32,214,800

DEFERRED OUTFLOW OF RESOURCES

OPEB (GASB 75)	2,832,505
State and Federal Aid Receivable	3,995,424
Pensions	2,794,222
Total Deferred Outflows of Resources	9,622,151
Total Assets and Deferred Outflows of Resources	\$ 41,836,951

LIABILITIES

Accounts Payable	\$ 1,910,169
Accrued Liabilities	61,693
Due to Other Governments	39
Due to Fiduciary Funds	-
Bond Anticipation Payable	6,070,000
Unearned Revenues	914,192
Long-term Liabilities	
Due and Payable Within One Year	
Bonds Payable	560,000
Due to Teachers' Retirement System	424,474
Due to Employees' Retirement System	35,960
Due and Payable After One Year	
Bonds Payable	2,955,000
Post-employment Benefits	17,554,739
Compensated Absences Payable	409,221
Net Pension Liability - Proportionate Share	958,185
Total Liabilities	31,853,672

DEFERRED INFLOWS OF RESOURCES

Deferred Revenues	3,094,701
OPEB (GASB 75)	1,042,100
Pensions	968,685
Total Deferred Inflows of Resources	5,105,486

NET POSITION

Net Investment in Capital Assets	10,919,176
Restricted	
Non-spendable	9,291
Restricted	8,574,461
Committed	-
Assigned	733,876
Unrestricted (Deficit)	(15,359,011)
Total Net Position	4,877,793
Total Liabilities Deferred Inflows of Resources and Net Position	\$ 41,836,951

MCGRAW CENTRAL SCHOOL DISTRICT

Statement of Activities and Changes in Net Position For the Year Ended June 30, 2020

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS				
General Support	\$ 1,312,780	\$ 1,401	\$ -	\$ (1,311,379)
Instruction	7,182,634	-	579,219	(6,603,415)
Pupil Transportation	327,091	-	-	(327,091)
Community Service	-	-	-	-
Employee Benefits	2,892,390	-	-	(2,892,390)
Debt Service - Interest	115,518	-	-	(115,518)
School Lunch Program	485,491	35,519	496,366	46,394
Post-employment Benefits	1,240,438	-	-	(1,240,438)
Capital Outlay	-	-	-	-
Depreciation - Unallocated	617,010	-	-	(617,010)
Total Functions and Programs	\$ 14,173,352	\$ 36,920	\$ 1,075,585	(13,060,847)
GENERAL REVENUES				
Real Property Taxes				2,590,190
Other Tax Items				587,562
Nonproperty Taxes				-
Use of Money and Property				27,449
Sale of Property and Compensation for Loss				17
Miscellaneous				196,447
State Sources				9,016,335
Federal Sources				45,438
Total General Revenues				12,463,438
Change in Net Position				(597,409)
Total Net Position - Beginning of Year				5,475,198
Other Adjustments to Net Position/Rounding				4
Total Net Position - End of Year				\$ 4,877,793

MCGRAW CENTRAL SCHOOL DISTRICT

**Balance Sheet – Governmental Funds
June 30, 2020**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash						
Unrestricted	\$ 158,228	\$ 109,680	\$ (15,223)	\$ 4,220,620	\$ 854,656	\$ 5,327,961
Restricted	3,101,688	-	-	-	-	3,101,688
Receivables						
Due From Other Funds	1,670,984	74,209	294,224	100,000	428	2,139,845
State and Federal Aid	934,646	265,553	53,920	222,344	-	1,476,463
Due From Other Governments	-	-	-	-	-	-
Other Receivables	20,327	54	4,257	-	-	24,638
Prepaid Expenditures	-	-	-	-	-	-
Inventories	-	-	9,291	-	-	9,291
Total Assets	<u>\$ 5,885,873</u>	<u>\$ 449,496</u>	<u>\$ 346,469</u>	<u>\$ 4,542,964</u>	<u>\$ 855,084</u>	<u>\$ 12,079,886</u>
LIABILITIES						
Payables						
Accounts Payable	\$ 19,706	\$ 9,847	\$ 10,990	\$ 1,869,626	\$ -	\$ 1,910,169
Accrued Liabilities	57,749	-	327	-	-	58,076
Due to Other Funds	609,780	421,872	261,002	651,199	-	1,943,853
Due to Other Governments	-	-	39	-	-	39
Due to Teachers' Retirement System	424,474	-	-	-	-	424,474
Due to Employees' Retirement System	35,960	-	-	-	-	35,960
Compensated Absences Liability	41,376	-	-	-	-	41,376
Revenue Anticipation Notes	-	-	-	-	-	-
Bond Anticipation Notes	-	-	-	6,070,000	-	6,070,000
Unearned Revenues	147	12,090	1,232	-	-	13,469
Total Liabilities	1,189,192	443,809	273,590	8,590,825	-	10,497,416

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
FUND BALANCES						
Non-spendable						
Reserve for Inventory	\$ -	\$ -	\$ 9,291	\$ -	\$ -	\$ 9,291
Restricted						
Reserve for Encumbrances	-	3,446	-	4,652,890	-	4,656,336
Reserve for Employee Benefit						
Accrued Liability	242,173	-	-	-	-	242,173
Reserve for Retirement Contributions-ERS	1,239,381	-	-	-	-	1,239,381
Reserve for Retirement Contributions-TRS	168,776	-	-	-	-	168,776
Reserve for Tax Certiorari	25,018	-	-	-	-	25,018
Reserve for Unemployment Insurance	148,497	-	-	-	-	148,497
Reserve for Repairs	184,846	-	-	-	-	184,846
Reserve for Workers' Compensation	359,847	-	-	-	-	359,847
Capital Reserve	733,150	-	-	-	-	733,150
Reserve for Debt	-	-	-	-	816,437	816,437
Committed	-	-	-	-	-	-
Assigned						
Reserve for Encumbrances	27,723	-	-	-	-	27,723
Unreserved - Designated for						
Subsequent Year's Expenditures	601,677	2,241	63,588	-	38,647	706,153
Unassigned	965,593	-	-	(8,700,751)	-	(7,735,158)
Total Fund Balances	<u>4,696,681</u>	<u>5,687</u>	<u>72,879</u>	<u>(4,047,861)</u>	<u>855,084</u>	<u>1,582,470</u>
Total Liabilities and Fund Balances	<u>\$ 5,885,873</u>	<u>\$ 449,496</u>	<u>\$ 346,469</u>	<u>\$ 4,542,964</u>	<u>\$ 855,084</u>	<u>\$ 12,079,886</u>

MCGRAW CENTRAL SCHOOL DISTRICT

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2020

	<u>Total Governmental Funds</u>	<u>Long-term Assets, Liabilities</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Net Position Totals</u>
ASSETS				
Cash - Unrestricted	\$ 5,327,961	\$ -	\$ -	\$ 5,327,961
Cash - Restricted	3,101,688	-	-	3,101,688
Accounts Receivable	24,638	-	-	24,638
Due From Other Funds	2,139,845	-	1,943,853	195,992
State and Federal Aid Receivable	1,476,463	900,723	-	2,377,186
Inventories	9,291	-	-	9,291
Capital Assets, Net	-	20,504,176	-	20,504,176
Prepaid Expenditures	-	-	-	-
Net Pension Asset - Proportionate Share	-	673,868	-	673,868
Total Assets	<u>12,079,886</u>	<u>22,078,767</u>	<u>1,943,853</u>	<u>32,214,800</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB (GASB 75)	-	2,832,505	-	2,832,505
State and Federal Aid Receivable	-	3,995,424	-	3,995,424
Pensions	-	2,794,222	-	2,794,222
Total Deferred Outflow of Resources	<u>-</u>	<u>9,622,151</u>	<u>-</u>	<u>9,622,151</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 12,079,886</u>	<u>\$ 31,700,918</u>	<u>\$ 1,943,853</u>	<u>\$ 41,836,951</u>
LIABILITIES				
Accounts Payable	\$ 1,910,169	\$ -	\$ -	\$ 1,910,169
Accrued Liabilities	58,076	3,617	-	61,693
Bonds Payable	-	3,515,000	-	3,515,000
Bond Anticipation Notes Payable	6,070,000	-	-	6,070,000
Due to Other Funds	1,943,853	-	1,943,853	-
Due to Other Governments	39	-	-	39
Due to Teachers' Retirement System	424,474	-	-	424,474
Due to Employees' Retirement System	35,960	-	-	35,960
Compensated Absences	41,376	367,845	-	409,221
Other Post-employment Benefits	-	17,554,739	-	17,554,739
Unearned Revenues	13,469	900,723	-	914,192
Net Pension Liability - Proportionate Share	-	958,185	-	958,185
Total Liabilities	<u>10,497,416</u>	<u>23,300,109</u>	<u>1,943,853</u>	<u>31,853,672</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenues	-	3,094,701	-	3,094,701
OPEB (GASB 75)	-	1,042,100	-	1,042,100
Pensions	-	968,685	-	968,685
Total Deferred Inflows of Resources	<u>-</u>	<u>5,105,486</u>	<u>-</u>	<u>5,105,486</u>
FUND BALANCE/NET POSITION				
Total Fund Balance/Net Position	<u>1,582,470</u>	<u>3,295,323</u>	<u>-</u>	<u>4,877,793</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position	<u>\$ 12,079,886</u>	<u>\$ 31,700,918</u>	<u>\$ 1,943,853</u>	<u>\$ 41,836,951</u>

MCGRAW CENTRAL SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds
For the Year Ended June 30, 2020**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES						
Real Property Taxes	\$ 2,590,190	\$ -	\$ -	\$ -	\$ -	\$ 2,590,190
Other Tax Items	587,562	-	-	-	-	587,562
Charges for Services	1,401	-	-	-	-	1,401
Use of Money and Property	26,893	-	3	-	553	27,449
Sale of Property and Compensation for Loss	4,863	-	-	-	-	4,863
Miscellaneous	181,767	-	14,680	-	-	196,447
Interfund Revenue	-	-	-	-	-	-
State Sources	8,784,040	232,414	39,050	222,344	-	9,277,848
Federal Sources	45,438	346,805	432,369	-	-	824,612
Surplus Food	-	-	24,947	-	-	24,947
Sales - School Lunch	-	-	35,519	-	-	35,519
 Total Revenues	 \$ 12,222,154	 \$ 579,219	 \$ 546,568	 \$ 222,344	 \$ 553	 \$ 13,570,839

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
EXPENDITURES						
General Support	\$ 1,342,928	\$ -	\$ 103,440	\$ -	\$ -	\$ 1,446,368
Instruction	6,516,264	586,775	-	-	-	7,103,039
Pupil Transportation	325,241	3,180	-	-	-	328,421
Community Service	-	-	-	-	-	-
Employee Benefits	2,740,039	-	83,635	-	-	2,823,674
Debt Service						
Principal	702,000	-	-	-	-	702,000
Interest	115,965	-	-	-	-	115,965
Cost of Sales	-	-	298,416	-	-	298,416
Capital Outlay	-	-	-	4,788,645	-	4,788,645
Total Expenditures	11,742,437	589,955	485,491	4,788,645	-	17,606,528
OTHER SOURCES (USES)						
BANS Redeemed by Appropriation	-	-	-	157,000	-	157,000
Operating Transfers In	-	16,297	-	100,000	-	116,297
Operating Transfers (Out)	(116,297)	-	-	-	-	(116,297)
Total Other Sources (Uses)	(116,297)	16,297	-	257,000	-	157,000
Excess (Deficiency) Revenues Over Expenditures and Other Sources (Uses)	363,420	5,561	61,077	(4,309,301)	553	(3,878,690)
Other Adjustments to Fund Balances	2	1	(1)	(1)	1	2
Fund Balances - Beginning of Year	4,333,259	125	11,803	261,441	854,530	5,461,158
Fund Balances - End of Year	<u>\$ 4,696,681</u>	<u>\$ 5,687</u>	<u>\$ 72,879</u>	<u>\$ (4,047,861)</u>	<u>\$ 855,084</u>	<u>\$ 1,582,470</u>

MCGRAW CENTRAL SCHOOL DISTRICT

Reconciliation of Governmental Funds Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities For the Year Ended June 30, 2020

	Total Governmental Funds	Long-term Revenue, Expenditures	Capital Related Items	Debt Transactions	Statement of Activities Totals
REVENUES					
Real Property Taxes	\$ 2,590,190	\$ -	\$ -	\$ -	\$ 2,590,190
Other Tax Items	587,562	-	-	-	587,562
Charges for Services	1,401	-	-	-	1,401
Use of Money and Property	27,449	-	-	-	27,449
Sale of Property and Compensation for Loss	4,863	-	(4,846)	-	17
Miscellaneous	196,447	-	-	-	196,447
Interfund Revenue	-	-	-	-	-
State Sources	9,277,848	9,951	-	-	9,287,799
Federal Sources	824,612	-	-	-	824,612
Surplus Food	24,947	-	-	-	24,947
Sales - School Lunch	35,519	-	-	-	35,519
Total Revenues	13,570,838	9,951	(4,846)	-	13,575,943
EXPENDITURES					
General Support	1,446,368	(11,025)	(19,123)	-	1,416,220
Instruction	7,103,039	94,365	(14,770)	-	7,182,634
Pupil Transportation	328,421	365	(1,695)	-	327,091
Community Service	-	-	-	-	-
Employee Benefits	2,823,674	152,351	-	-	2,976,025
Debt Service					
Principal	702,000	-	-	(702,000)	-
Interest	115,965	-	-	(447)	115,518
Cost of Sales	298,416	-	-	-	298,416
Other Expenditures	-	-	-	-	-
Capital Outlay	4,788,645	-	(4,788,645)	-	-
Other Post-employment Benefits	-	1,240,438	-	-	1,240,438
Depreciation - Unallocated	-	-	617,010	-	617,010
Total Expenditures	17,606,528	1,476,494	(4,207,223)	(702,447)	14,173,352
Excess (Deficiency) of Revenues Over Expenditures	(4,035,690)	(1,466,543)	4,202,377	702,447	(597,409)
OTHER SOURCES (USES)					
BANs Redeemed by Appropriation	157,000	-	-	(157,000)	-
Operating Transfers In	116,297	-	-	-	116,297
Operating Transfers (Out)	(116,297)	-	-	-	(116,297)
Total Other Sources (Uses)	157,000	-	-	(157,000)	-
Net Change for the Year	\$ (3,878,690)	\$ (1,466,543)	\$ 4,202,377	\$ 545,447	\$ (597,409)

MCGRAW CENTRAL SCHOOL DISTRICT

**Statement of Fiduciary Net Position
June 30, 2020**

	<u>Private Purpose Trusts</u>	<u>Agency</u>
ASSETS		
Cash	\$ 54,062	\$ 283,006
Due From Governmental Funds	-	142,737
Accounts Receivable	-	27,404
Total Assets	<u>\$ 54,062</u>	<u>\$ 453,147</u>
LIABILITIES		
Due to Governmental Funds	\$ -	\$ 338,729
Extraclassroom Activity Balances	-	87,668
Other Liabilities	-	26,750
Total Liabilities	-	453,147
NET POSITION		
Reserved for Scholarships	<u>54,062</u>	<u>-</u>
Total Net Position	<u>54,062</u>	<u>-</u>
Total Liabilities and Net Position	<u>\$ 54,062</u>	<u>\$ 453,147</u>

**Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2020**

	<u>Private Purpose Trusts</u>
ADDITIONS	
Gifts and Contributions	\$ 5,895
Investment Earnings	<u>12</u>
Total Additions	5,906
DEDUCTIONS	
Scholarships and Awards	<u>6,058</u>
Total Deductions	<u>6,058</u>
Change in Net Position	(152)
Net Position - Beginning of Year	<u>54,214</u>
Net Position - End of Year	<u>\$ 54,062</u>

Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

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

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

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

Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District’s business office, located at Academy Street, McGraw, NY 13101. The District accounts for assets held as an agent for various student organizations in an agency fund.

USE OF ESTIMATES

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

Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

JOINT VENTURE

The McGraw Central School District is a component school district 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 share 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.

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

During the year ended June 30, 2020, the McGraw Central School District was billed \$2,379,539 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$914,399. At June 30, 2020, the District owed BOCES \$-0-, and had a receivable from BOCES totaling \$687,107.

Participating school districts issue debt on behalf of BOCES. This debt is reported in the District-wide financial statements when applicable.

Financial statements for Onondaga-Cortland-Madison BOCES are available from the BOCES administrative office at 110 Elwood Davis Road, Liverpool, NY 13088.

RESTRICTED RESOURCES

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

BASIS OF PRESENTATION

a. District-wide Statements:

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.

Eliminations have been made to minimize 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.

Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

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

b. Funds Statements:

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

The District reports the following major governmental funds:

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

Special Revenue Funds: These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

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

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

Capital Projects Fund: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. Details for each project are reported in the supplemental schedules.

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

The District reports the following fiduciary funds:

Fiduciary Funds: Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

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

Agency Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

PROPERTY TAXES

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on the effective date of the tax warrant. Taxes are collected during the months of September and October.

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

Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

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

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. 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.

UNEARNED REVENUE

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

ACCOUNTS RECEIVABLE

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

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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

Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

VESTED EMPLOYEE BENEFITS

Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation and sabbatical time. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

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

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

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

Other Benefits

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

District employees may choose to participate in the District's elective deferral compensation plans established under Internal Revenue Code Sections 403(b) and 457.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2002. For assets acquired prior to June 30, 2002, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market values at the time received. The District maintains a capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) of one thousand dollars. All reported capital assets except for land, land improvements and construction in progress are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20-50 years
Furniture and Equipment	3-10 years
Vehicles	3-5 years

INVENTORIES AND PREPAID ITEMS

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

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

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

OTHER ASSETS/RESTRICTED ASSETS

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

In the District-wide financial statements, bond discounts and premiums, and any prepaid bond issuance costs are deferred and amortized over the life of the debt issue. In the funds statements these same costs are netted against bond proceeds and recognized in the period of issuance.

SHORT-TERM DEBT

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

Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION/FUND BALANCE

District-wide Statements

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

- *Net Investment in Capital Assets:* Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.
- *Restricted Net Position:* Reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislations.
- *Unrestricted Net Position:* Reports the balance of net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Funds Statements

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

- *Non-spendable:* Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$9,291.
- *Restricted:* Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The District has established the following restricted fund balances:

Unemployment Insurance

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

Capital

According to Education Law §3651, expenditures made from the capital reserve fund must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditures 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.

**Notes to Financial Statements
June 30, 2020****NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****NET POSITION/FUND BALANCE (Continued)**Employee Benefit Accrued Liability

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

Repairs

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

Tax Certiorari

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

Workers' Compensation

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

Retirement Contributions

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

Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION/FUND BALANCE (Continued)

Debt Service

According to General Municipal Law §6-1, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. This reserve is accounted for in the Debt Service Fund.

- *Committed:* Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2020.
- *Assigned:* Includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.
- *Unassigned:* Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the General Fund, the unassigned portion is used to report a deficit fund balance, resulting from overspending for specific purposes for which amounts had been restricted or assigned.

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

Order of Use of Fund Balance

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

NEW ACCOUNTING STANDARDS

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2020. These standards had no significant impact on the District.

- GASB Statement 83, *Certain Asset Retirement Obligations*
- GASB Statement 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*

Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

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

INTERFUND TRANSACTIONS

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

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

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

Refer to Note 8 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenue activity.

Notes to Financial Statements
June 30, 2020

NOTE 2 – COMMITMENTS AND CONTINGENCIES

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

NOTE 3 – INVESTMENTS

The District's investment policy for investments are governed by New York statutes. As of June 30, 2020, there were no investments. The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District does not typically purchase investments denominated in foreign currency and is not exposed to foreign currency risk.

NOTE 4 – 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 District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these notes. The District's aggregate bank balances included balances insured or collateralized as follows:

Insured by Federal Deposit Insurance Corporation	\$	807,614
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name.		8,933,297

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$3,101,688 within the governmental funds and \$283,006 in the fiduciary funds.

NOTE 5 – OPERATING LEASES

The District leases a significant amount of equipment under operating leases. Total rental expenses on such leases for the fiscal year ended June 30, 2020, were approximately \$127,545. The minimum future operating lease payments are as follows:

<u>Year</u>	<u>Payment</u>
2021	\$ 85,291
2022	52,127
2023	52,127
2024	13,884
2025	-

MCGRAW CENTRAL SCHOOL DISTRICT

Notes to Financial Statements
June 30, 2020

NOTE 6 – DONOR-RESTRICTED ENDOWMENTS

The District administers endowment funds, which are restricted by the donor for the purposes of student scholarships.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

NOTE 7 – LONG-TERM RECEIVABLES

Building aid on the 2014 serial bond and building project is being amortized over fifteen (15) years and transportation aid is amortized over five (5) years. The following is a summary of future State aid to be received:

	<u>Beginning</u> <u>Balance</u>	<u>Earned</u>	<u>Received</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Government Activities					
State Aid:					
Building Aid	\$ 5,094,592	\$ 61,698	\$ 794,350	\$ 4,361,940	\$ 732,652
Transportation Aid	496,731	187,658	150,182	534,207	168,071
Total Long-term Receivables	<u>\$ 5,591,323</u>	<u>\$ 249,356</u>	<u>\$ 944,532</u>	<u>\$ 4,896,147</u>	<u>\$ 900,723</u>

NOTE 8 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 1,670,984	\$ 609,780	\$ -	\$ 116,297
Special Aid Fund	74,209	421,872	16,297	-
School Lunch Fund	294,224	261,002	-	-
Capital Projects	100,000	651,199	100,000	-
Debt Service Fund	428	-	-	-
Total Government Activities	<u>2,139,845</u>	<u>1,943,853</u>	<u>116,297</u>	<u>116,297</u>
Fiduciary Agency Fund	<u>142,737</u>	<u>338,729</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 2,282,582</u>	<u>\$ 2,282,582</u>	<u>\$ 116,297</u>	<u>\$ 116,297</u>

The District typically transfers from the General Fund to the Capital Projects fund to fund the Net Zero Projects. The District also typically transfers to the Special Aid Fund to fund the local share of summer school expenditures. The District may also transfer from the General Fund to the School Lunch Fund to offset any deficit fund balance.

Notes to Financial Statements

June 30, 2020

NOTE 9 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

a. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

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

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. The amounts shown below represent:

i) Long-term revenue differences:

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

ii) Capital related differences:

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

iii) Long-term debt transaction differences:

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

iv) Pension differences:

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

v) OPEB differences:

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

**Notes to Financial Statements
June 30, 2020****NOTE 10 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY****Encumbrances**

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

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund. The voters of the District approved the proposed appropriation budget for the General Fund.

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

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

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects. On November 19, 2018, the voters authorized a \$10 million capital project for work at both the elementary and high schools.

Fund Balances

The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year. At June 30, 2020, the District's unassigned unrestricted fund balance was \$965,593, which is 7.41% of the adopted budget for the 2020-21 school year.

The Capital Projects fund had a deficit fund balance of \$4,047,861. This will be funded when the District obtains permanent financing for its current construction project.

Notes to Financial Statements
June 30, 2020

NOTE 11 – SHORT-TERM DEBT

Transactions in short-term debt for the year are summarized below.

	<u>Beginning</u> <u>Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending</u> <u>Balance</u>
BAN Maturing 11/08/19 at 2.55%	\$ 517,000	\$ -	\$ 517,000	\$ -
BAN Maturing 11/06/20 at 1.49%	-	570,000	-	570,000
BAN Maturing 07/21/20 at 1.25%	-	5,500,000	-	5,500,000

Interest expense on short-term debt amounted to \$16,803 for 2019-2020.

NOTE 12 – LONG-TERM DEBT

- **Serial Bonds:** The District borrows money in order to acquire land and equipment or to construct building 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.
- **Compensated Absences:** Represents the value of the earned and unused portion of the liability for compensated absences. This liability is liquidated from the General and School Lunch Funds.
- **Other Post-employment Benefits:** Represents the net obligation of the District for other post-employment benefits, including medical and prescription drug insurances.

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

	<u>Beginning</u> <u>Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Government Activities:					
Bonds and Notes Payable:					
2014 Serial Bonds	\$ 4,060,000	\$ -	\$ 545,000	\$ 3,515,000	\$ 560,000
Net Bond and Notes Payable	4,060,000	-	545,000	3,515,000	560,000
Other Liabilities					
Compensated Absences	317,535	91,686	-	409,221	-
Net Pension Liability -					
Proportionate Share	246,929	711,256	-	958,185	-
Other Post-employment Benefits	14,090,072	3,464,667	-	17,554,739	-
Total Long-term Liabilities	<u>\$ 18,714,536</u>	<u>\$ 4,267,609</u>	<u>\$ 545,000</u>	<u>\$ 22,437,145</u>	<u>\$ 560,000</u>

Notes to Financial Statements
June 30, 2020

NOTE 12 – LONG-TERM DEBT (CONTINUED)

The following is a summary of the maturity of long-term indebtedness. Payment of self-insurance claims, judgments, and compensated absences are dependent upon future factors and therefore the timing of such payments cannot be determined.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal Year Ended June 30,			
2021	\$ 560,000	\$ 88,262	\$ 648,262
2022	570,000	77,062	647,062
2023	580,000	64,950	644,950
2024	595,000	51,176	646,176
2025	610,000	36,300	646,300
2026-2030	600,000	23,400	623,400
	<u>\$ 3,515,000</u>	<u>\$ 341,150</u>	<u>\$ 3,856,150</u>

Existing serial and statutory bond obligations:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Serial Bonds	6/25/14	6/25/27	1.25-3.0%	\$ 3,515,000

Interest on long-term indebtedness amounted to \$99,163 for 2019-2020.

Total outstanding indebtedness represented approximately 16.38% of its debt limit, exclusive of building aid estimates.

NOTE 13 – PENSION PLANS

General Information

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

ERS 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. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to ERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244, or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

Notes to Financial Statements
June 30, 2020

NOTE 13 – PENSION PLANS (CONTINUED)

Funding Policies

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

The District contributions made to the Systems were equal to 100% of the contributions required for each year. Required contributions based on covered payroll paid for the current and two preceding years were:

		<u>NYSTRS</u>		<u>NYSERS</u>
2017-2018	\$	505,554	\$	115,019
2018-2019		441,368		119,811
2019-2020		491,306		135,320

Pension (Assets)/Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

	<u>ERS</u>		<u>TRS</u>
Measurement Date	<u>3/31/2020</u>		<u>6/30/2019</u>
District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 958,185	\$	(673,868)
District's Portion of the Plan's Total Net Pension (Asset)/Liability	0.0036184%		0.025938%
Change in Proportion Since the Prior Measurement Date	\$ 265,001	\$	(209,987)

For the year ended June 30, 2020, the District's recognized its proportionate share of pension expense of \$338,726 for ERS and the actuarial value of \$839,078 for TRS. At June 30, 2020, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

MCGRAW CENTRAL SCHOOL DISTRICT

Notes to Financial Statements June 30, 2020

NOTE 13 – PENSION PLANS (CONTINUED)

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	\$ 56,392	\$ -	\$ -	\$ -
Changes of Assumptions	19,293	1,273,027	16,659	310,400
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	491,202	-	14,802	540,407
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	29,289	502,036	-	86,417
District's Contributions Subsequent to the Measurement Date	35,960	387,023	-	-
Total	\$ 632,136	\$ 2,162,086	\$ 31,461	\$ 937,224

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension (asset)/liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended:	ERS	TRS
	March 31	June 30
2020	\$ -	\$ 310,592
2021	99,519	25,069
2022	141,300	309,487
2023	180,677	197,592
2024	143,218	20,441
Thereafter	-	(25,343)

Actuarial Assumptions

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

	ERS	TRS
Measurement Date	March 31, 2020	June 30, 2019
Actuarial Valuation Date	April 1, 2019	June 30, 2018
Interest Rate	6.8%	7.1%
Salary Scale	4.2%	1.90%-4.72%
Decrement Tables	April 1, 2010 - March 31, 2015	July 1, 2009 - June 30, 2014
	System's Experience	System's Experience
Inflation Rate	2.5%	1.3%

Notes to Financial Statements
June 30, 2020

NOTE 13 – PENSION PLANS (CONTINUED)

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System’s experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014 System’s experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018.

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

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

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2020	June 30, 2019
Asset Type:		
Domestic Equity	4.05%	6.30%
Private Equity	6.75%	9.90%
International Equity	6.15%	7.80%
Real Estate	4.95%	4.60%
Global Equities	N/A	7.20%
Private Debt	N/A	6.50%
Real Estate Debt	N/A	2.90%
Real Assets	5.95%	N/A
Absolute Return Strategies	3.25%	N/A
Opportunistic Portfolio	4.65%	N/A
Cash Equivalents	N/A	0.30%
Domestic Fixed Income Securities	N/A	1.30%
Bonds and Mortgages	0.75%	N/A
Inflation Indexed Bonds	0.50%	N/A
High Yield Bonds	N/A	3.60%
Global Bonds	N/A	0.90%

**Notes to Financial Statements
June 30, 2020**

NOTE 13 – PENSION PLANS (CONTINUED)

Discount Rate

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

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

The following presents the District's proportionate share of the net pension (asset)/liability calculated using the discount rate of 6.8% for ERS and 7.1% for TRS, as well as what the District's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.8% for ERS and 6.1% for TRS) or 1 percentage point higher (7.8% for ERS and 8.1% for TRS) than the current rate:

ERS	1% Decrease <u>(5.8%)</u>	Current Discount <u>(6.8%)</u>	1% Increase <u>(7.8%)</u>
District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 1,758,503	\$ 958,185	\$ 221,050
TRS	1% Decrease <u>(6.1%)</u>	Current Discount <u>(7.1%)</u>	1% Increase <u>(8.1%)</u>
District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 3,041,769	\$ (673,868)	\$ (3,790,868)

Pension Plan Fiduciary Net Position

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

	Dollars in Thousands	
	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2020	June 30, 2019
Employers' Total Pension (Asset)/Liability	\$ 194,596,261	\$ 119,879,474
Plan Net Position	<u>168,115,682</u>	<u>122,477,481</u>
Employers' Total Pension (Asset)/Liability	26,480,579	(2,598,007)
Ratio of Plan Net Position to the Employers' Total Pension (Asset)/Liability	86.39%	-102.17%

Notes to Financial Statements
June 30, 2020

NOTE 13 – PENSION PLANS (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. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$35,960. Employee contributions are remitted monthly.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a State aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employer’s contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$424,474.

NOTE 14 – CAPITAL ASSETS

Capital asset balances and activities were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Land	\$ 2,538	\$ -	\$ -	\$ 2,538
Construction in Progress	296,059	-	296,059	-
Total Nondepreciable Cost	298,597	-	296,059	2,538
Land Improvements	101,451	-	-	101,451
Buildings	22,571,409	4,713,772	-	27,285,181
Site Improvements	150,526	-	-	150,526
Machinery and Equipment	1,636,402	199,995	57,736	1,778,661
Vehicles	1,299,350	249,526	210,043	1,338,833
Total Depreciable Cost	<u>25,759,138</u>	<u>5,163,293</u>	<u>267,779</u>	<u>30,654,652</u>
Total Capital Asset Cost	26,057,735	5,163,293	563,838	30,657,190
Less Accumulated Depreciation:				
Land Improvements	101,364	87	-	101,451
Buildings	7,505,774	418,907	-	7,924,681
Site Improvements	150,527	-	-	150,527
Machinery and Equipment	1,415,459	42,212	57,736	1,399,935
Vehicles	582,813	155,804	162,197	576,420
Total Accumulated Depreciation	<u>9,755,937</u>	<u>617,010</u>	<u>219,933</u>	<u>10,153,014</u>
Net Capital Asset Cost	<u>\$ 16,301,798</u>	<u>\$ 4,546,283</u>	<u>\$ 343,905</u>	<u>\$ 20,504,176</u>

Notes to Financial Statements
June 30, 2020

NOTE 15 – RISK MANAGEMENT

General

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

Consortiums

Workers' Compensation

The McGraw Central School District incurs costs related to a workers' compensation plan (Plan) sponsored by Onondaga-Cortland-Madison BOCES. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law. 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. District's joining the Plan must remain members for a minimum of one year; a member may withdraw from the Plan after that time by submitting a resolution passed by the District's Board of Education prior to May 1, to withdraw by the end of the fiscal year. Plan members include twenty-nine districts and two BOCES. 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 costs of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended June 30, 2020, the District incurred premium or contribution expenditures totaling \$57,089.

Health Insurance

The District participates in the BOCES sponsored Cooperative Health Insurance Fund of Central New York (fund), a non-risk-retained public entity risk pool for its employees' health insurance coverage. The pool is operated for the benefit of 29 Districts and 1 BOCES, and is sponsored by Onondaga-Cortland-Madison BOCES. The District pays an annual premium to the fund for this health insurance coverage. Fund members are subject to a supplemental assessment in the event of deficiencies. If the fund's assets were to be exhausted, members would be responsible for the fund's liabilities.

During the year ended June 30, 2020, the District incurred premium or contribution expenditures totaling \$2,244,087.

Notes to Financial Statements
June 30, 2020

NOTE 16 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information About the OPEB Plan

Plan Description and Benefits Provided: The District provides medical benefits to retired employees and their eligible dependents. The benefits provided to employees upon retirement are based on provisions in various contracts that the District has in place with different classifications of employees.

The District acquires health insurance through a consortium known as the Central New York Health Insurance Consortium. Benefits provided by the Central New York Health Insurance Consortium are administered by Excellus BlueCross BlueShield Classic Blue Region-wide.

Employees Covered by Benefit Terms: At July 1, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	79
Inactive Employees Entitled to but not yet Receiving Benefit Payments	-
Active Employees	112
	191

Total OPEB Liability

The District's total OPEB liability of \$17,554,739 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019.

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

Inflation	2.6 Percent
Discount Rate	2.21 Percent
Healthcare Cost Trend Rates	6.6 Percent decreasing to an ultimate rate of 4.1 percent over 56 years.
Retirees' Share of Benefit-Related Costs	Varies based on contribution requirements at date of retirement.

The discount rate was based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table, as appropriate, with adjustments for mortality improvements based on Scale MP-2017.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial valuation as of July 1, 2019.

Notes to Financial Statements
June 30, 2020

NOTE 16 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED)

Changes in the Total OPEB Liability

Balance at June 30, 2019	\$	14,090,072
Changes for the Year -		
Service Cost		516,791
Interest		502,590
Changes of Benefit Terms		-
Differences Between Expected and Actual Experience		-
Changes in Assumptions or Other Inputs		2,943,900
Benefit Payments		(498,614)
Net Changes		<u>3,464,667</u>
Balance at June 30, 2020	\$	<u>17,554,739</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current rate:

	<u>1% Decrease (1.21%)</u>	<u>Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Total OPEB Liability	\$ 20,944,547	\$ 17,554,739	\$ 14,902,452

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB Liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (3.1%) or 1 percentage point higher (5.1%) than the current healthcare cost trend rate:

	Healthcare		
	<u>1% Decrease</u>	<u>Cost Trend Rates</u>	<u>1% Increase</u>
	<u>(5.6% Decreasing to 3.1%)</u>	<u>(6.6% Decreasing to 4.1%)</u>	<u>(7.6% Decreasing to 5.1%)</u>
Total OPEB Liability	\$ 14,460,445	\$ 17,554,739	\$ 21,716,285

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,240,438. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>		<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences Between Expected and Actual Experience	\$	37,075	\$	(224,176)
Changes of Assumptions or Other Inputs		2,795,430		(817,924)
Contributions Subsequent to the Measurement Date		-		-
	\$	<u>2,832,505</u>	\$	<u>(1,042,100)</u>

Notes to Financial Statements
June 30, 2020

NOTE 16 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED)

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

<u>Year Ended</u>		<u>Amount</u>
2021	\$	221,057
2022		221,057
2023		221,057
2024		221,057
2025		221,057
Thereafter		685,120

NOTE 17 – SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through October 7, 2020, the date the financials were available to be issued.

The United States is presently in the midst of a national health emergency due to the Novel Coronavirus (COVID-19) outbreak. Although there is uncertainty regarding the magnitude and duration of the business or economic impacts from the unprecedented public health effort to contain and combat the spread of COVID-19, it has the potential to be significant. However, the impact of this situation on the District and its future results is not presently determinable.

REQUIRED AND OTHER SUPPLEMENTAL SCHEDULES

MCGRAW CENTRAL SCHOOL DISTRICT

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non GAAP Basis) and Actual – General Fund
For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance With Actual</u>
REVENUES				
Local Sources				
Real Property Taxes	\$ 3,165,805	\$ 3,165,805	\$ 2,590,190	\$ (575,615)
Other Tax Items	5,000	5,000	587,562	582,562
Charges for Services	7,648	7,648	1,401	(6,247)
Use of Money and Property	23,000	23,000	26,893	3,893
Sale of Property and Compensation for Loss	200	200	4,863	4,663
Miscellaneous	81,602	81,602	181,767	100,165
Interfund Revenues	-	-	-	-
Total Local Sources	<u>3,283,255</u>	<u>3,283,255</u>	<u>3,392,676</u>	<u>109,421</u>
State Sources	8,829,919	8,829,919	8,784,040	(45,879)
Federal Sources	-	-	45,438	45,438
Total Revenues	<u>12,113,174</u>	<u>12,113,174</u>	<u>12,222,154</u>	<u>108,980</u>
Other Financing Sources				
Transfers From Other Funds	-	-	-	-
Premium on Obligations	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources	12,113,174	12,113,174	\$ 12,222,154	<u>\$ 108,980</u>
Appropriated Fund Balance				
Prior Year Surplus	601,677	601,677		
Prior Year Encumbrances	-	26,009		
Appropriated Reserves	168,789	168,789		
Total Appropriated Fund Balance	<u>770,466</u>	<u>796,475</u>		
Total Revenues, Other Sources and Appropriated Fund Balance	<u>\$ 12,883,640</u>	<u>\$ 12,909,649</u>		

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance With Actual and Encumbrances</u>
EXPENDITURES					
General Support					
Board of Education	\$ 18,285	\$ 18,144	\$ 16,712	\$ -	\$ 1,432
Central Administration	164,429	181,067	180,011	-	1,056
Finance	303,400	310,115	307,843	-	2,272
Staff	74,814	68,187	65,235	-	2,952
Central Services	890,450	885,761	677,981	5,992	201,788
Special Items	105,770	105,770	95,146	-	10,624
Total General Support	<u>1,557,148</u>	<u>1,569,044</u>	<u>1,342,928</u>	<u>5,992</u>	<u>220,124</u>
Instruction					
Instruction, Administration and Improvements	355,983	363,666	356,863	-	6,803
Teaching - Regular School	3,184,049	3,244,037	3,149,724	3,833	90,480
Programs for Children With Handicapping Conditions	1,728,523	1,710,968	1,597,473	10,799	102,696
Occupational Education	261,300	244,486	243,684	-	802
Teaching - Special School	45,286	34,688	25,084	-	9,604
Instructional Media	639,117	646,752	618,108	7,099	21,545
Pupil Services	578,358	590,036	525,328	-	64,708
Total Instruction	<u>6,792,616</u>	<u>6,834,633</u>	<u>6,516,264</u>	<u>21,731</u>	<u>296,638</u>
Pupil Transportation	407,021	407,858	325,241	-	82,617
Community Services	500	500	-	-	500
Employee Benefits	3,188,389	3,159,648	2,740,039	-	419,609
Debt Service	817,966	817,966	817,965	-	1
Total Expenditures	<u>12,763,640</u>	<u>12,789,649</u>	<u>11,742,437</u>	<u>27,723</u>	<u>1,019,489</u>
OTHER USES					
Interfund Transfer	120,000	120,000	116,297	-	3,703
Total Expenditures and Other Uses	<u>\$ 12,883,640</u>	<u>\$ 12,909,649</u>	<u>11,858,734</u>	<u>\$ 27,723</u>	<u>\$ 1,023,192</u>
Net Change in Fund Balance			363,420		
Fund Balance - Beginning			4,333,259		
Rounding			<u>2</u>		
Fund Balance - Ending			<u>\$ 4,696,681</u>		

Note to Required Supplementary Information: Budget Basis of Accounting: Budgets are adopted on the modified accrual basis of accounting, consistent with accounting principles generally accepted in the United States of America.

Required Supplementary Information
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2020

Measurement Date	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability			
Service Cost	\$ 516,791	\$ 540,030	\$ 524,301
Interest	502,590	450,569	434,921
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience in the Measurement of the Total OPEB Liability	(256,665)	-	54,187
Changes in Assumptions or Other Inputs	3,200,565	(1,132,510)	-
Expected Benefit Payments	<u>(498,614)</u>	<u>(490,239)</u>	<u>(524,624)</u>
Net Change in Total OPEB Liability	3,464,667	(632,150)	488,785
Total OPEB Liability - Beginning	<u>14,090,072</u>	<u>14,722,222</u>	<u>14,233,437</u>
Total OPEB Liability - Ending	<u>\$ 17,554,739</u>	<u>\$ 14,090,072</u>	<u>\$ 14,722,222</u>
Covered Payroll	<u>\$ 5,231,878</u>	<u>\$ 5,232,600</u>	<u>\$ 5,232,600</u>
Total OPEB Liability as a Percentage of Covered Payroll	335.53%	269.27%	281.36%

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

Required Supplementary Information
Schedule of District Contributions

NYSLRS Pension Plan

Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contractually required contribution	\$ 78,168	\$ 133,034	\$ 115,065	\$ 115,019	\$ 119,811	\$ 135,320				
Contributions in relation to the contractually required contribution	78,168	133,034	115,065	115,019	119,811	135,320				
Contribution deficiency (excess)	-	-	-	-	-	-				
District's covered-employee payroll	791,616	834,283	863,672	865,675	918,289	1,091,566				
Contributions as a percentage of covered-employee payroll	9.87%	15.95%	13.32%	13.29%	13.05%	12.40%				

NYS TRS Pension Plan

Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contractually required contribution	\$ 667,146	\$ 747,887	\$ 558,683	\$ 505,554	\$ 441,368	\$ 491,306				
Contributions in relation to the contractually required contribution	667,146	747,887	558,683	505,554	441,368	491,306				
Contribution deficiency (excess)	-	-	-	-	-	-				
District's covered-employee payroll	3,987,429	4,082,750	4,074,790	4,199,536	4,340,567	4,450,791				
Contributions as a percentage of covered-employee payroll	16.73%	18.32%	13.71%	12.04%	10.17%	11.04%				

Required Supplementary Information
Schedule of District's Proportionate Share of the Net Pension (Asset)/Liability

NYSLRS Pension Plan

Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
District's proportion of the net pension (asset)/liability	\$ 77,440	\$ 391,300	\$ 274,316	\$ 93,978	\$ 246,929	\$ 958,185				
District's proportionate share of the net pension (asset)/liability	0.0022923%	0.0024380%	0.0029194%	0.0029118%	0.0034851%	0.0036184%				
District's covered payroll	791,616	834,283	863,672	865,675	918,289	1,091,566				
District's proportionate share of the net pension (asset)/liability as a percentage of its covered payroll	9.78%	46.90%	31.76%	10.86%	26.89%	87.78%				
Plan fiduciary net position as a percentage of the total pension (asset)/liability	97.95%	90.70%	94.70%	98.24%	96.27%	86.39%				

NYSTRS Pension Plan

Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
District's proportion of the net pension (asset)/liability	\$ (2,930,283)	\$ (2,804,429)	\$ 274,293	\$ (195,441)	\$ (463,781)	\$ (673,868)				
District's proportionate share of the net pension (asset)/liability	-0.0263060%	-0.0270000%	0.0256100%	0.0257130%	0.0256480%	0.0259380%				
District's covered payroll	3,987,429	4,082,750	4,074,790	4,199,536	4,340,567	4,450,791				
District's proportionate share of the net pension (asset)/liability as a percentage of its covered payroll	-73.49%	-68.69%	6.73%	-4.65%	-10.68%	-15.14%				
Plan fiduciary net position as a percentage of the total pension (asset)/liability	-111.48%	-110.46%	99.01%	-100.66%	-101.53%	-102.20%				

MCGRAW CENTRAL SCHOOL DISTRICT

Supplementary Information
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit – General Fund
For the Year Ended June 30, 2020

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$	12,883,640
Add: Prior Year's Encumbrances		26,009
Adjusted Budget		12,909,649
Budget Revision:		-
Final Budget	\$	12,909,649

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-21 Voter-Approved Expenditure Budget	\$	13,029,945
Maximum Allowed (4% of 2020-2021 Budget)	\$	521,198

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

Unrestricted Fund Balance		
Committed Fund Balance	\$	-
Assigned Fund Balance		629,400
Unassigned Fund Balance		965,593
Total Unrestricted Fund Balance		1,594,993

Less:

Appropriated Fund Balance	601,677
Insurance Recovery Reserve	-
Tax Reduction Reserve	-
Encumbrances Included in Committed and Assigned Fund Balance	27,723
Total Adjustments	629,400

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$	965,593
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Actual Percentage		7.41%
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MCGRAW CENTRAL SCHOOL DISTRICT

**Supplementary Information
Schedule of Project Expenditures – Capital Project Fund
For the Year Ended June 30, 2020**

Project Title	Expenditures				Total
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	
2008 Capital Project	\$ 8,635,000	\$ 8,635,000	\$ 8,656,629	\$ -	\$ 8,656,629
2014 Capital Reserve	25,000	25,000	25,000	-	25,000
2015 Bus/Van	145,000	145,000	135,866	-	135,866
2015 Vehicle	39,500	39,500	39,500	-	39,500
2016 Buses	185,000	185,000	182,369	-	182,369
2018 Buses	205,000	205,000	201,328	-	201,328
2019 Bus and Truck	250,000	250,000	244,635	-	244,635
2019 Capital Project	-	-	296,060	307,839	603,899
SSBA Project	670,945	670,945	-	228,464	228,464
2020 Elementary	2,615,139	2,615,139	-	1,010,691	1,010,691
2020 High School	6,492,565	6,492,565	-	2,654,105	2,654,105
2020 Garage	892,296	892,296	-	381,020	381,020
2020 Buses	210,000	210,000	-	206,526	206,526
Totals	<u>\$ 20,365,445</u>	<u>\$ 20,365,445</u>	<u>\$ 9,781,387</u>	<u>\$ 4,788,645</u>	<u>\$ 14,570,032</u>

MCGRAW CENTRAL SCHOOL DISTRICT

Unexpended Balance	Methods of Financing				Fund Balance (Deficit) June 30, 2020
	Proceeds of Obligations	State Aid	Local Sources	Total	
\$ (21,629)	\$ 8,119,748	\$ 68,883	\$ 574,077	\$ 8,762,708	\$ 106,079
-	-	-	-	-	(25,000)
9,134	135,866	-	-	135,866	-
-	39,500	-	-	39,500	-
2,631	145,895	-	-	145,895	(36,474)
3,672	80,531	-	-	80,531	(120,797)
5,365	50,327	-	-	50,327	(194,308)
(603,899)	-	-	1,085,000	1,085,000	481,101
442,481	-	222,344	-	222,344	(6,120)
1,604,448	-	-	-	-	(1,010,691)
3,838,460	-	-	-	-	(2,654,105)
511,276	-	-	-	-	(381,020)
3,474	-	-	-	-	(206,526)
<u>\$ 5,795,413</u>	<u>\$ 8,571,867</u>	<u>\$ 291,227</u>	<u>\$ 1,659,077</u>	<u>\$ 10,522,171</u>	<u>\$ (4,047,861)</u>

Supplementary Information
Net Investment in Capital Assets
For the Year Ended June 30, 2020

Capital Assets, Net		\$ 20,504,176
Deduct:		
Short-term Portion of Bonds Payable	\$ 560,000	
Long-term Portion of Bonds Payable	<u>2,955,000</u>	
Total Bonds Payable		3,515,000
Bond Anticipation Note	<u>6,070,000</u>	
Total Bond Anticipation Notes		<u>6,070,000</u>
Net Investment in Capital Assets		<u>\$ 10,919,176</u>

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

To the Board of Education of
McGraw Central School District

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 McGraw Central School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise McGraw Central School District's basic financial statements, and have issued our report thereon dated October 7, 2020.

Internal Control Over Financial Reporting

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

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

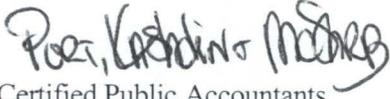
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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


Certified Public Accountants

Cortland, New York
October 7, 2020



Port, Kashdin & McSherry
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Education of
McGraw Central School District

Report on Compliance for Each Major Federal Program

We have audited McGraw Central School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of McGraw Central School District's major federal programs for the year ended June 30, 2020. McGraw Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of McGraw Central School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered McGraw Central 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of McGraw Central 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Certified Public Accountants

Cortland, New York
October 7, 2020

MCGRAW CENTRAL SCHOOL DISTRICT

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020**

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF EDUCATION			
Pass-thru New York State Department of Education:			
Special Education Cluster:			
IDEA, Part B PL-142	84.027	0032-20-0986	\$ 154,206
Special Education Preschool Grants PL99-457	84.173	0033-20-0986	<u>5,674</u>
Total Special Education Cluster			\$ 159,880
ESEA, Chapter I	84.010	0021-20-3385	127,842
Improving Teacher Quality State Grants	84.367	0147-20-3385	21,048
Rural Education Achievement	84.395	0006-20-3385	28,034
Student Support and Academic Enrichment	84.424	0204-20-0565	<u>10,000</u>
TOTAL DEPARTMENT OF EDUCATION			346,804
DEPARTMENT OF AGRICULTURE			
*National School Lunch Program	10.555		141,041
*National School Breakfast Program	10.553		44,509
*Summer Food Service Program	10.559		246,819
*Government Surplus Program	10.550		<u>24,947</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>457,316</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 804,120</u>

* Denotes major program.

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Assistance presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's financial statements using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Costs Principles and Audit Requirements (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be 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 District's policy is not to charge federal award programs with indirect costs, or to charge indirect costs to certain federal award programs, based upon a rate established by New York State, and the District has elected not to use the 10% de minimis indirect rate allowed under the Uniform Guidance applied to overall expenditures.

Matching costs, (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

NOTE 2 – NON-MONETARY FEDERAL PROGRAM

The McGraw Central School District is the recipient of a federal financial assistance program that does not result in cash receipts or disbursements, termed a "non-monetary program." During the year ended June 30, 2020, the McGraw Central School District received \$24,947 worth of surplus food.

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020**

SUMMARY OF AUDITOR'S RESULTS

1. The Auditor's report expresses an unmodified opinion on the general-purpose financial statements of the McGraw Central School District.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the McGraw Central School District, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of internal control over major federal award programs.
5. The Auditor's report on compliance for the major federal award programs for the McGraw Central School District expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for McGraw Central School District.
7. The programs tested as major programs included:

<u>CFDA #</u>	<u>Project Title</u>
10.550	Government Surplus Program
10.553	National School Breakfast Program
10.559	Summer Food Service Program for Children
10.555	National School Lunch Program

8. The threshold for distinguishing between Type A and Type B programs was \$750,000.
9. The McGraw Central School District qualified as a high risk auditee.