

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Cheektowaga Central School District

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Change in Accounting Principle

As described in Note 2 to the financial statements, the District adopted GASB Statement No. 84, *Fiduciary Activities*, in 2021. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the 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 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 financial statements, and other knowledge we obtained during our audit of the 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.


October 12, 2021

Management's Discussion and Analysis (unaudited)

June 30, 2021

Introduction

Management's Discussion and Analysis (MD&A) of Cheektowaga Central School District (the District) provides an overview of the District's financial performance and activities for the year ended June 30, 2021. The information contained in the MD&A should be considered in conjunction with the information presented as part of the District's financial statements that follow. This MD&A, the financial statements, and notes thereto are essential to a full understanding of the District's financial position and results of operations. The District's financial statements have the following components: (1) government-wide financial statements, (2) governmental fund financial statements, (3) reconciliations between the government-wide and governmental fund financial statements, (4) fiduciary fund statements, (5) notes to the financial statements, and (6) supplementary information.

In 2021, the District adopted GASB Statement No. 84, *Fiduciary Activities*. This statement redefines activities considered to be fiduciary, and as a result, payroll, employee third party withholdings, and certain other activities are now recorded in the general fund and scholarship activity is reflected in a miscellaneous special revenue fund. In addition, fiduciary liabilities are now recognized only when an event has occurred that compels the District to disburse fiduciary resources.

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the net difference reported as net position. The statement of activities presents information showing how the District's net position changed during each year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future periods. The government-wide financial statements present information about the District as a whole. All of the activities of the District are considered to be governmental activities.

Governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the year. Such information may be useful in evaluating the District's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. The reconciliation portion of the financial statements facilitates the comparison between governmental funds and governmental activities.

Fiduciary funds are used to report fiduciary activities, which may include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District maintains a custodial fund for student activity accounts. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's programs. The notes to the financial statements provide additional information that is essential for a full understanding of the government-wide, governmental fund, and fiduciary fund financial statements.

Supplementary information further explains and supports the financial statements and includes information required by generally accepted accounting principles and the New York State Education Department.

Condensed Statement of Net Position	2021	2020	Change	
			\$	%
Current and other assets	\$ 20,529,000	\$ 12,056,000	\$ 8,473,000	70.3%
Capital assets	60,497,000	52,420,000	8,077,000	15.4%
Total assets	81,026,000	64,476,000	16,550,000	25.7%
Deferred outflows of resources	12,912,000	11,453,000	1,459,000	12.7%
Long-term liabilities	30,760,000	33,907,000	(3,147,000)	(9.3%)
Other liabilities	21,067,000	3,615,000	17,452,000	482.8%
Total liabilities	51,827,000	37,522,000	14,305,000	38.1%
Deferred inflows of resources	7,806,000	5,602,000	2,204,000	39.3%
Net position				
Net investment in capital assets	25,888,000	26,478,000	(590,000)	(2.2%)
Restricted	6,865,000	959,000	5,906,000	615.8%
Unrestricted	1,552,000	5,368,000	(3,816,000)	(71.1%)
Total net position	\$ 34,305,000	\$ 32,805,000	\$ 1,500,000	4.6%

Net position amounted to \$34,305,000 and \$32,805,000 as of June 30, 2021 and 2020, respectively. The largest portion of the District's net position reflects its investment in capital assets consisting of land, buildings and improvements, and furniture and equipment, less outstanding debt used to acquire those assets. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

The District's net position includes resources that are subject to external restrictions on how they may be used. These reserves are set aside for specific purposes governed by laws and regulations and include the tax certiorari reserve, which is used to pay claims and judgements resulting from certiorari proceedings; the retirement contribution reserve, which can be used to fund required District contributions to the New York State Teachers' Retirement System (TRS) and New York State and Local Employees' Retirement System (ERS); and the employee benefit accrued liability reserve, which must be used to pay future accumulated vacation and sick time. Other restricted resources include the insurance, unemployment insurance, repair, and capital reserves and amounts restricted for scholarships.

Total assets increased by \$16,550,000 (\$454,000 decrease in 2020). Net capital assets increased \$8,077,000 (\$2,812,000 increase in 2020) due to capital spending in excess of depreciation expense. Current and other assets increased \$8,473,000 (\$3,266,000 decrease in 2020) primarily due to unspent proceeds from the issuance of its \$15,400,000 bond anticipation notes (BANs) in November 2020. The BAN provides funding for the District's \$16,400,000 Union East additions and alterations project.

Long-term liabilities decreased \$3,147,000 (\$948,000 increase in 2020) as a result of a decrease of \$3,562,000 in the ERS net pension liability and payments on the District's bonds and energy performance contract totaling \$1,797,000. This was offset by the District's proportionate share of the TRS net pension position resulting in a liability of \$2,792,000 compared to an asset of \$2,561,000 in 2020. Fluctuations are largely a result of changes in actuarial assumptions and actual earnings less than projected amounts. Other liabilities increased \$17,452,000 (\$2,463,000 decrease in 2020) due to the \$15,400,000 BAN issuance previously mentioned.

Changes in deferred outflows and deferred inflows of resources reflect changes in OPEB as well as pension activity at the State level which is required to be reflected on the District's financial statements. Deferred outflows of resources include contributions required to be paid by the District to the State pension systems after the measurement date, and as such are not included in the current net pension position. Deferred outflows of resources and deferred inflows of resources also reflect variances from actuarial assumptions, actual results of investment earnings compared to projected earnings, and changes of assumptions. The District has no control or authority over these transactions relative to pensions.

Condensed Statement of Activities	2021	2020	Change	
			\$	%
Revenues				
Program revenues				
Charges for services	\$ 631,000	\$ 617,000	\$ 14,000	2.3%
Operating and capital grants and contributions	6,798,000	4,653,000	2,145,000	46.1%
General revenues				
Real property taxes	26,088,000	25,520,000	568,000	2.2%
Sales tax	3,201,000	2,624,000	577,000	22.0%
State aid	15,368,000	16,239,000	(871,000)	(5.4%)
Other	584,000	420,000	164,000	39.0%
Total revenues	52,670,000	50,073,000	2,597,000	5.2%
Expenses				
Instruction	37,298,000	37,920,000	(622,000)	(1.6%)
Support services				
General support	6,727,000	5,639,000	1,088,000	19.3%
Pupil transportation	5,505,000	3,510,000	1,995,000	56.8%
Food service	795,000	1,316,000	(521,000)	(39.6%)
Interest	863,000	813,000	50,000	6.2%
Total expenses	51,188,000	49,198,000	1,990,000	4.0%
Change in net position	1,482,000	875,000	607,000	69.4%
Net position – beginning	32,805,000	31,930,000	875,000	2.7%
Cumulative effect of a change in accounting principle	18,000	-	18,000	
Net position – ending	\$ 34,305,000	\$ 32,805,000	\$ 1,500,000	4.6%

District revenues increased 5.2% or \$2,597,000 (\$1,522,000 or 3.1% increase in 2020). This increase was primarily the result of operating and capital grants and contributions which increased \$2,145,000 (\$446,000 or 8.7% decrease in 2020) due to federal grants received from the CARES Act as a result of COVID-19 as well as \$992,000 Smart Schools Bond Act funding from New York State. Real property taxes increased \$568,000 (\$346,000 or 1.4% increase in 2020) due to an increase in the tax levy. State aid decreased \$871,000 (\$1,352,000 or 9.1% increase in 2020) due to a decrease in transportation aid and offsets in aid to account for some of the additional Federal funding.

Total expenses increased \$1,990,000 (\$287,000 or 0.6% increase in 2020). The increase in expenses was primarily the result of an increase in transportation costs of \$1,995,000 due to schools re-opening from the COVID pandemic, as well as an increase of \$1,071,000 in depreciation expense (\$16,000 or 1.0% increase in 2020) as completed construction projects were placed in service. These costs were offset by a decrease in payroll expense, which is allocated among instruction and support services, of \$1,106,000 or 5.1% from the prior year (\$230,000 or 1.0% decrease in 2020).

Financial Analysis of the District's Funds

Total fund balances for the governmental funds decreased \$7,330,000 from a fund balance of \$6,104,000 to a deficit of \$1,226,000 as described below:

- Total fund revenues increased \$1,479,000 or 3.0% (\$1,428,000 or 2.9% increase in 2020) primarily due to increases in grant funding and property taxes as previously mentioned, as well as an increase in the District allocation of the sales tax revenue from Erie County.
- Spending across all governmental funds increased by \$6,729,000 or 12.9% (\$9,873,000 or 15.9% decrease in 2020). The District incurred \$5,766,000 more capital project expenditures in 2021. Transportation costs also increased \$1,995,000 as noted above.
- The general fund experienced an increase in fund balance of \$3,232,000 during 2021 compared to a \$1,642,000 increase in 2020.

General Fund Budgetary Highlights

The revenue budget for 2021 was \$45,597,000. Actual revenues amounted to \$47,244,000, a favorable difference of \$1,647,000. This was primarily caused by CARES Act funding from the Federal government which was passed on to the District from New York State and Erie County.

Actual expenditures and carryover encumbrances were less than the final amended budget by \$2,978,000 or 6.3%. The difference is attributable to many factors and many unknown items when the budget is prepared, as well as the impact of COVID-19 on current year programs and services. The District was able to generate savings in pupil services, teaching, and pupil transportation.

Capital Assets

	2021	2020
Land	\$ 1,231,000	\$ 1,231,000
Construction in progress	10,620,000	17,870,000
Land improvements	18,375,000	2,108,000
Buildings and improvements	61,649,000	59,991,000
Furniture and equipment	3,727,000	3,692,000
Vehicles	168,000	116,000
	<u>95,770,000</u>	<u>85,008,000</u>
Accumulated depreciation	<u>(35,273,000)</u>	<u>(32,588,000)</u>
	<u>\$ 60,497,000</u>	<u>\$ 52,420,000</u>

Current year additions of \$10,762,000 were offset by depreciation expense of \$2,685,000.

Debt

At June 30, 2021, the District had \$22,328,000 in bonds and energy performance contracts outstanding, with \$1,866,000 due within one year (\$24,125,000 outstanding at June 30, 2020). Outstanding compensated absences payable were \$2,028,000, with \$560,000 expected to be paid within one year (\$1,795,000 outstanding at June 30, 2020).

Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

Current Financial Issues and Concerns

The extent of the impact of COVID-19 on the District's operational and financial performance will depend on further developments, including the duration and spread of the outbreak and its impact on school districts, including its residents, employees, and vendors, none of which can be predicted. Federal revenue sources are expected to increase due to additional pandemic-related funding, but the full extent of Federal assistance is not yet known.

The District will continue to mitigate the impact of rising costs of education on the overall budget, including using reserve funds as permitted by law to lessen their budgetary impact. The property tax levy requires using reserves judiciously. These issues and concerns are exacerbated by COVID-19 requiring management to plan carefully and prudently to provide the educational resources necessary to meet student needs and flexibility on how students are taught.

Contact for the District's Financial Management

This financial report is designed to provide our District residents, taxpayers, parents, students, 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 Steven Wright, Superintendent, Cheektowaga Central School District, 3600 Union Road, Cheektowaga, New York 14225.

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2021

(With comparative totals as of June 30, 2020)

	2021	2020
Assets		
Cash and cash equivalents	\$ 15,015,454	\$ 3,253,162
Due from other governments	1,234,768	1,362,060
State and federal aid receivable	4,175,784	2,579,504
Inventory and prepaid expenses	102,784	100,404
Investments	-	2,200,000
Net pension asset	-	2,561,482
Capital assets (Note 6)	95,769,746	85,007,372
Accumulated depreciation	(35,272,569)	(32,587,787)
Total assets	81,025,967	64,476,197
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	12,362,459	10,816,522
Deferred outflows of resources related to OPEB	550,031	637,002
Total deferred outflows of resources	12,912,490	11,453,524
Liabilities		
Accounts payable	3,413,778	1,435,778
Accrued liabilities	513,865	436,430
Due to retirement systems	1,739,607	1,743,133
Bond anticipation notes	15,400,000	-
Long-term liabilities		
Due within one year:		
Bonds	1,790,000	1,725,000
Energy performance contract	75,951	72,218
Compensated absences	560,000	281,000
Due beyond one year:		
Bonds and related premiums	21,880,423	23,816,153
Energy performance contract	252,238	328,188
Compensated absences	1,468,000	1,514,000
Net pension liability	2,804,733	3,574,242
Total OPEB liability	1,928,558	2,596,385
Total liabilities	51,827,153	37,522,527
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	5,517,601	3,832,116
Deferred inflows of resources related to OPEB	2,288,420	1,769,884
Total deferred inflows of resources	7,806,021	5,602,000
Net Position		
Net investment in capital assets	25,888,574	26,478,026
Restricted	6,864,983	959,551
Unrestricted	1,551,726	5,367,617
Total net position	\$ 34,305,283	\$ 32,805,194

See accompanying notes.

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

Statement of Activities

For the year ended June 30, 2021
 (With comparative totals as of June 30, 2020)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2021	2020
Governmental activities						
General support	\$ 6,727,144	\$ 539,736	\$ -	\$ -	\$ (6,187,408)	\$ (5,229,123)
Instruction	37,297,517	86,499	5,120,357	992,164	(31,098,497)	(34,222,709)
Pupil transportation	5,504,665	-	-	-	(5,504,665)	(3,509,552)
Interest expense	863,272	-	-	-	(863,272)	(812,826)
School food service	794,929	4,318	685,849	-	(104,762)	(152,698)
	<u>\$ 51,187,527</u>	<u>\$ 630,553</u>	<u>\$ 5,806,206</u>	<u>\$ 992,164</u>	<u>(43,758,604)</u>	<u>(43,926,908)</u>
General revenues						
Real property taxes					26,087,965	25,519,518
Sales tax					3,200,926	2,623,853
Miscellaneous					584,039	419,527
State aid					15,367,805	16,239,329
					<u>45,240,735</u>	<u>44,802,227</u>
Change in net position					1,482,131	875,319
Net position - beginning					32,805,194	31,929,875
Cumulative effect of a change in accounting principle (Note 2)					17,958	-
Net position - beginning as restated					<u>32,823,152</u>	<u>31,929,875</u>
Net position - ending					<u>\$ 34,305,283</u>	<u>\$ 32,805,194</u>

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2021

(With comparative totals as of June 30, 2020)

						Total Governmental Funds	
	General	Special Aid	Capital Projects	School Lunch	Miscellaneous Special Revenue	2021	2020
Assets							
Cash and cash equivalents	\$ 5,956,048	\$ 1,368,765	\$ 7,673,683	\$ -	\$ 16,958	\$ 15,015,454	\$ 3,253,162
Due from other governments	1,234,768	-	-	-	-	1,234,768	1,362,060
State and federal aid receivable	1,160,998	1,829,737	992,164	192,885	-	4,175,784	2,579,504
Due from other funds, net	4,109,668	-	-	-	-	4,109,668	1,897,023
Inventory and prepaid expenses	92,918	-	-	9,866	-	102,784	100,404
Investments	-	-	-	-	-	-	2,200,000
Total assets	\$ 12,554,400	\$ 3,198,502	\$ 8,665,847	\$ 202,751	\$ 16,958	\$ 24,638,458	\$ 11,392,153
Liabilities and Fund Balances							
Accounts payable	\$ 1,550,632	\$ 195,535	\$ 1,607,505	\$ 60,106	\$ -	\$ 3,413,778	\$ 1,435,778
Accrued liabilities	202,581	4,435	-	1,849	-	208,865	230,430
Due to retirement systems	1,569,472	170,135	-	-	-	1,739,607	1,743,133
Due to other funds, net	-	2,828,397	1,276,169	5,102	-	4,109,668	1,897,023
Bond anticipation notes	-	-	15,400,000	-	-	15,400,000	-
Total liabilities	3,322,685	3,198,502	18,283,674	67,057	-	24,871,918	5,306,364
Deferred Inflows of Resources							
Unavailable revenue	-	-	992,164	-	-	992,164	-
Fund Balances							
Nonspendable:							
Inventory	-	-	-	9,866	-	9,866	7,486
Prepaid expenses	92,918	-	-	-	-	92,918	92,918
Restricted:							
Insurance	41,707	-	-	-	-	41,707	41,696
Unemployment insurance	109,914	-	-	-	-	109,914	109,885
Repairs	70,045	-	-	-	-	70,045	70,026
Tax certiorari	1,683,686	-	-	-	-	1,683,686	517,241
Employee benefit accrued liability	1,217,729	-	-	-	-	1,217,729	217,657
Capital	2,374,944	-	-	-	-	2,374,944	3,046
Retirement contribution	1,350,000	-	-	-	-	1,350,000	-
Scholarships	-	-	-	-	16,958	16,958	-
Assigned:							
Designated for subsequent year's expenditures	123,705	-	-	-	-	123,705	1,666,000
Other purposes	114,096	-	-	125,828	-	239,924	137,878
Unassigned	2,052,971	-	(10,609,991)	-	-	(8,557,020)	3,221,956
Total fund balances (deficit)	9,231,715	-	(10,609,991)	135,694	16,958	(1,225,624)	6,085,789
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,554,400	\$ 3,198,502	\$ 8,665,847	\$ 202,751	\$ 16,958	\$ 24,638,458	\$ 11,392,153

See accompanying notes.

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

June 30, 2021

Total fund balances - governmental funds		\$ (1,225,624)
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported as assets in the governmental funds.		60,497,177
Certain revenues collected more than ninety days after year end are not considered earned until received in the governmental funds but are recognized when earned in the government-wide statements.		992,164
The District's proportionate share of the net pension position as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:		
Deferred outflows of resources related to pensions	12,362,459	
Net pension liability	(2,804,733)	
Deferred inflows of resources related to pensions	<u>(5,517,601)</u>	4,040,125
The District's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:		
Deferred outflows of resources related to OPEB	550,031	
Total OPEB liability	(1,928,558)	
Deferred inflows of resources related to OPEB	<u>(2,288,420)</u>	(3,666,947)
Certain liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds. These liabilities are:		
Accrued interest	(305,000)	
Bonds and related premiums	(23,670,423)	
Energy performance contract	(328,189)	
Compensated absences	<u>(2,028,000)</u>	(26,331,612)
Net position - governmental activities		\$ 34,305,283

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

**Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds**

For the year ended June 30, 2021

(With summarized comparative totals for June 30, 2020)

	General	Special Aid	Capital Projects	School Lunch	Miscellaneous Special Revenue	Total Governmental Funds	
						2021	2020
Revenues							
Real property taxes	\$ 23,065,220	\$ -	\$ -	\$ -	\$ -	\$ 23,065,220	\$ 22,251,239
Real property tax items	3,022,745	-	-	-	-	3,022,745	3,268,279
Nonproperty taxes	3,200,926	-	-	-	-	3,200,926	2,623,853
Charges for services	86,499	-	-	-	-	86,499	159,161
Use of money and property	545,759	-	1,810	27	-	547,596	479,190
Sale of property and compensation for loss	-	-	-	-	-	-	791
Miscellaneous	449,771	-	-	-	-	449,771	349,006
State sources	15,367,805	1,825,876	-	17,462	-	17,211,143	18,059,432
Federal sources	1,504,798	1,789,683	-	668,387	-	3,962,868	2,832,909
Sales	-	-	-	4,318	-	4,318	48,685
Total revenues	47,243,523	3,615,559	1,810	690,194	-	51,551,086	50,072,545
Expenditures							
General support	3,850,195	-	-	605,981	1,000	4,457,176	4,556,885
Instruction	23,017,021	3,651,538	-	-	-	26,668,559	27,073,028
Pupil transportation	5,301,139	-	-	-	-	5,301,139	3,514,089
Employee benefits	9,122,092	-	-	62	-	9,122,154	9,391,921
Debt service							
Principal	1,797,217	-	-	-	-	1,797,217	1,753,667
Interest	910,000	-	-	-	-	910,000	954,555
Cost of sales	-	-	-	76,564	-	76,564	125,375
Capital outlay	-	-	10,674,056	-	-	10,674,056	4,908,465
Total expenditures	43,997,664	3,651,538	10,674,056	682,607	1,000	59,006,865	52,277,985
Excess revenues (expenditures)	3,245,859	(35,979)	(10,672,246)	7,587	(1,000)	(7,455,779)	(2,205,440)
Other financing sources (uses)							
BAN premium	126,408	-	-	-	-	126,408	-
Operating transfers, net	(140,267)	35,979	104,299	(11)	-	-	-
Total other financing sources (uses)	(13,859)	35,979	104,299	(11)	-	126,408	-
Net change in fund balances	3,232,000	-	(10,567,947)	7,576	(1,000)	(7,329,371)	(2,205,440)
Fund balances (deficit) - beginning	5,999,715	-	(42,044)	128,118	-	6,085,789	8,291,229
Cumulative effect of a change in accounting principle (Note 2)	-	-	-	-	17,958	17,958	-
Fund balances (deficit) - beginning as restated	5,999,715	-	(42,044)	128,118	17,958	6,103,747	8,291,229
Fund balances (deficit) - ending	\$ 9,231,715	\$ -	\$ (10,609,991)	\$ 135,694	\$ 16,958	\$ (1,225,624)	\$ 6,085,789

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the year ended June 30, 2021

Total net change in fund balances - governmental funds \$ (7,329,371)

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

Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of the assets is allocated over estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense. 8,077,592

Pension expense is recognized when paid on the statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. These differences are:

2021 TRS and ERS contributions	2,117,545	
2021 ERS accrued contribution	170,757	
2020 ERS accrued contribution	(155,724)	
2021 TRS pension expense	(3,747,695)	
2021 ERS pension expense	<u>(316,404)</u>	(1,931,521)

OPEB expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. 62,320

Revenue is recorded to the extent received within 90 days of year end for governmental funds, but on the statement of activities, revenue is recognized when earned. 992,164

Payments of long-term liabilities are reported as expenditures in the governmental funds and as a reduction of debt in the statement of net position. 1,797,217

In the statement of activities, certain expenses are measured by the amounts earned during the year.

In the governmental funds these expenditures are reported when paid. These differences are:

Amortization of bond premiums	145,730	
Compensated absences	(233,000)	
Interest	<u>(99,000)</u>	(186,270)

Change in net position - governmental activities \$ 1,482,131

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP) and Actual - General Fund

For the year ended June 30, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
Revenues					
Local sources					
Real property taxes	\$ 22,495,922	\$ 22,495,922	\$ 23,065,220		\$ 569,298
Real property tax items	3,547,634	3,547,634	3,022,745		(524,889)
Nonproperty taxes	2,401,878	2,401,878	3,200,926		799,048
Charges for services	140,000	140,000	86,499		(53,501)
Use of money and property	497,130	497,130	545,759		48,629
Sale of property and compensation for loss	500	500	-		(500)
Miscellaneous	204,907	204,907	449,771		244,864
State sources	16,008,643	16,008,643	15,367,805		(640,838)
Federal sources	300,000	300,000	1,504,798		1,204,798
Total revenues	45,596,614	45,596,614	47,243,523		1,646,909
Expenditures					
General support					
Board of education	21,647	21,647	14,046	-	(7,601)
Central administration	246,346	246,346	262,197	-	15,851
Finance	331,143	360,453	323,869	22,034	(14,550)
Staff	326,758	281,495	208,048	-	(73,447)
Central services	2,578,741	2,659,442	2,391,311	7,464	(260,667)
Special items	763,725	754,796	650,724	-	(104,072)
Instruction					
Instruction, administration, and improvement	1,814,517	1,768,185	1,668,654	10,062	(89,469)
Teaching - regular school	12,474,473	12,525,865	12,076,764	60,492	(388,609)
Programs for children with handicapping conditions	5,528,585	5,618,985	5,313,625	7,239	(298,121)
Occupational education	1,011,513	1,011,513	1,011,513	-	-
Teaching - special schools	5,000	1,824	2,781	-	957
Instructional media	1,275,887	1,322,357	1,232,872	1,647	(87,838)
Pupil services	2,074,230	2,215,892	1,710,812	5,158	(499,922)
Pupil transportation	6,168,926	6,093,926	5,301,139	-	(792,787)
Employee benefits	9,760,076	9,498,841	9,122,092	-	(376,749)
Debt service					
Principal	1,793,667	1,793,667	1,797,217	-	3,550
Interest	914,626	914,626	910,000	-	(4,626)
Total expenditures	47,089,860	47,089,860	43,997,664	114,096	(2,978,100)
Excess revenues (expenditures)	(1,493,246)	(1,493,246)	3,245,859	(114,096)	4,625,009
Other financing sources (uses)					
BAN premium	-	-	126,408		126,408
Operating transfers in	10,000	10,000	-		(10,000)
Operating transfers out	(200,000)	(200,000)	(140,267)		(59,733)
Appropriated fund balance and carryover encumbrances	1,683,246	1,683,246	-		(1,683,246)
Total other financing sources (uses)	1,493,246	1,493,246	(13,859)		(1,507,105)
Excess revenues (expenditures) and other financing sources (uses)	\$ -	\$ -	\$ 3,232,000	\$ (114,096)	\$ 3,117,904

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position - Custodial Fund

June 30, 2021

Assets

Cash \$ 78,745

Net Position

Extraclassroom activity balances \$ 78,745

* * *

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position - Custodial Fund

For the year ended June 30, 2021

Additions

Student activity receipts \$ 16,601

Deductions

Student activity disbursements 27,057

Change in net position (10,456)

Net position - beginning 17,958

Cumulative effect of a change in accounting principle (Note 2) 71,243

Net position - beginning as restated 89,201

Net position - ending \$ 78,745

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

Cheektowaga Central School District (the District) is governed by Education and other laws of the State of New York (the State). The District's Board of Education has responsibility and control over all activities related to public school education within the District. The District's Superintendent is the chief executive officer and the President of the Board serves as the chief fiscal officer. The Board members are elected by the public and have decision-making authority, the power to designate management, the ability to influence operations, and the primary accountability for fiscal matters.

The District provides education and support services such as administration, transportation, and plant maintenance. The District receives funding from local, state, and federal sources and must comply with requirements of these funding sources. However, the District is not included in any other governmental reporting entity as defined by accounting principles generally accepted in the United States of America, nor does it contain any component units.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Joint Venture

The District is one of 19 participating school districts in the Erie 1 Board of Cooperative Educational Services (BOCES). Formed under §1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that shares planning, services, and programs, and also provides educational and support activities. There is no authority or process by which the District can terminate its status as a component of BOCES.

The component school district boards elect the members of the BOCES governing body. There are no equity interests and no single participant controls the financial or operating policies. BOCES may also contract with other municipalities on a cooperative basis under State General Municipal Law.

A BOCES' budget is comprised of separate spending plans for administrative, program, and capital costs. Each component school district shares in administrative and capital costs determined by its enrollment. Participating districts are charged a service fee for programs in which students participate, and for other shared contracted administrative services. Participating districts may also issue debt on behalf of BOCES; there is no such debt issued by the District.

During the year ended June 30, 2021, the District was billed \$3,700,000 for BOCES administrative and program costs and recognized revenue of \$193,000 as a refund from prior year expenditures paid to BOCES and \$539,000 in rental income. Audited financial statements are available from BOCES' administrative offices.

Public Entity Risk Pool

The District participates in the NY44 Health Benefits Plan Trust, a public entity risk pool. The plan is designed to provide health insurance coverage for participating entities and is further presented in Note 11.

Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities display financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize double counting of internal activities. These statements are required to distinguish between *governmental* and *business-type* activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District does not maintain any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the District's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational requirements of a particular program, and (c) grants and contributions limited to the purchase or construction of specific capital assets. Revenues that are not classified as program revenues, including all taxes and state aid, are presented as general revenues.

Fund Financial Statements: The fund financial 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 the fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- *Special aid fund.* This fund is used to account for the proceeds of specific revenue sources – other than expendable trusts or major capital projects – such as federal, state, and local grants and awards that are restricted or committed to expenditure for specific purposes. Either governments or other third parties providing the grant funds impose these restrictions.
- *Capital projects fund.* This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including acquisition or construction of capital facilities and other capital assets.

The District also elected to display the following as major funds:

- *School lunch fund.* This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are assigned to the operation of the District's breakfast and lunch programs.
- *Miscellaneous special revenue fund.* This fund is used to account for resources that are restricted to student scholarships. Donations are made by third parties and District personnel manage the funds and assist with determination of scholarship recipients.

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report fiduciary activities, which may include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District maintains a custodial fund for the collection and distribution of student activity accounts.

The financial statements include certain prior year summarized comparative information in total but not by separate governmental activities and major funds. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Basis of Accounting and Measurement Focus

The government-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 flows take place. Nonexchange transactions, in which the District receives value directly without giving equal value in exchange, include property and sales taxes, grants, and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds 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 they are collected within ninety days after year end. 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. Capital asset purchases are reported as expenditures in governmental funds. Proceeds of long-term liabilities and equipment and property purchased under capital leases are reported as other financing sources.

Under the terms of grant agreements, revenues are recognized to the extent of program expenditures. Amounts received in advance of the expenditures are considered unearned and reported as revenue when the expense is incurred.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Property Taxes

The District levies real property taxes no later than September 1. For the year ended June 30, 2021, the tax lien was issued on August 4, 2020 for collection from September 15, 2020 through November 30, 2020. Thereafter, uncollected amounts became the responsibility of Erie County and were submitted to the District by April 1st of the following year as required by law.

The District is subject to tax abatements granted by the Erie County Industrial Development Agency (ECIDA). ECIDA is a public benefit corporation created by an act of the New York State Legislature to promote and assist private sector industrial and business development.

Through ECIDA, companies promise to expand or maintain facilities or employment within Erie County (the County), to establish a new business within the County, or to relocate an existing business to the County. Economic development agreements entered into by ECIDA can include the abatement of County, town, and school district taxes, in addition to other assistance. In the case of the District, these abatements have resulted in reductions of property taxes, which the District administers as a temporary reduction in the assessed value of the property involved. The abatement agreement stipulates a percentage reduction of property taxes, which can be as much as 100%.

For the year ended June 30, 2021, the District's taxes were abated \$244,000 under these agreements. However, because the abated amounts are spread across the District's entire tax base, there is no impact on the overall property taxes collected.

Budget Process, Amendments, and Encumbrances

District administration prepares a proposed budget for the general fund requiring approval by the Board. A public hearing is held upon completion and filing of the tentative budget. Subsequently, the budget is adopted by the Board. The proposed budget is then presented to voters of the District. After it was initially defeated on June 9, 2020, the budget for the fiscal year beginning July 1, 2020 was approved by a majority of the voters in a second general election held on July 28, 2020.

Annual appropriations are adopted and employed for control of the general fund. These budgets are adopted on a GAAP basis under the modified accrual basis of accounting. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations authorized for the current year may be increased by the planned use of specific restricted, committed, and assigned fund balances and subsequent budget amendments approved by the Board as a result of new revenue sources not included in the original budget.

Major capital expenditures are subject to individual project budgets based on the cost of the project and external financing rather than annual appropriations. For the capital projects fund, these budgets do not lapse at year end and are carried over to the completion of the project.

Encumbrance accounting is used to assure budgetary control over commitments related to unperformed (executory) contracts for goods or services outstanding at the end of each year. Encumbrances are budgetary expenditures in the year committed and again in the subsequent period when the expenditure is paid. All budget appropriations that are unencumbered lapse at the end of the fiscal year. Encumbrances outstanding at year end are presented for GAAP-related purposes as committed or assigned fund balances and do not constitute expenditures or liabilities. At July 1, encumbrances carried forward from the prior year are reestablished as budgetary appropriations.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include cash on hand, demand deposits, repurchase agreements, and bank deposits held in external investment pools. Investments include U.S. Treasury securities held in external investment pools recorded at amortized cost.

Inventory and Prepaid Expenses

Inventory consists of food and similar food service goods related to school lunch operations and is recorded at the lower of first-in, first-out cost or net realizable value. Donated commodities are stated at values which approximate market.

Certain payments to vendors reflect expenditures applicable to future periods and are reflected as prepaid expenses.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisal. Contributed assets are recorded at fair value at the time received. Depreciation is provided in the government-wide statements over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; significant improvements are capitalized.

Capitalization thresholds for determining which asset purchases are added to capital accounts and the estimated useful lives of capital assets are:

	Capitalization Policy	Estimated Useful Life in Years
Land improvements	\$ 5,000	20
Buildings and improvements	\$ 5,000	50
Furniture and equipment	\$ 5,000	5 - 20
Vehicles	\$ 5,000	8

Bond Premiums

Premiums received upon the issuance of debt are included as other financing sources in the governmental funds statements when issued. In the government-wide statements, premiums are recognized with the related debt issue and amortized on a straight-line basis as a component of interest expense over the life of the related obligation.

Pensions

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS) (the Systems) as mandated by State law. The Systems recognize benefit payments when due and payable in accordance with benefit terms; investment assets are reported at fair value. On the government-wide statements, the District recognizes its proportionate share of net pension position, deferred outflows and deferred inflows of resources, pension expense (revenue), and information about and changes in the fiduciary net position on the same basis as reported by the respective defined benefit pension plans.

Other Postemployment Benefits (OPEB)

On the government-wide statements, the total OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense for the District's defined benefit healthcare plan (Note 10) have been measured on the same basis as reported by the plan. Benefit payments are due and payable in accordance with benefit terms.

Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated sick and vacation time. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive payments and those expected to become eligible to receive such payments are included. Sick pay is accrued on the basis of negotiated contracts with administrative and employee groups which provide for the payment of accumulated sick time at retirement or the option of converting this vested amount to provide for payment of health insurance until exhausted.

The government-wide financial statements reflect the entire liability, while in the governmental funds financial statements, only the amount of matured liabilities is accrued based on expendable available financial resources.

Equity Classifications

Government-Wide Statements

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any related debt obligations that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or the terms of the District's bonds.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by the District.

Governmental Fund Statements

The District considers unrestricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, unless the use of the restricted amount was appropriated in the current year's budget. Within unrestricted fund balance, the District considers committed, assigned, then unassigned resources to have been spent when an expenditure is incurred for which amounts in any of those fund balance classifications could be used.

Restricted fund balances generally result from reserves created by the State of New York Legislature and included in General Municipal Law, State Education Law, or Real Property Tax Law as authorized for use by the Board of Education. Certain reserves may require voter approval for their establishment and/or use. Earnings on invested resources are required to be added to the various reserves.

Committed fund balances are authorized by the Board of Education as recommended by the District's management prior to the end of the fiscal year, although funding of the commitment may be established subsequent to year end. Assigned fund balances include the planned use of existing fund balance to offset the subsequent year's tax levy. Additionally, the Board of Education has given the District's management the authority to assign fund balances for specific purposes that are neither restricted nor committed. Nonspendable fund balances represent resources that cannot be spent as they are not expected to be converted to cash and include inventory and prepaid expenses.

Fund balance restrictions include scholarships donated to the District by third parties for the benefit of students and the following reserves:

- *Insurance* – is used to pay liability, casualty, and other types of losses except losses incurred for which insurance may be purchased. This amount is funded through budgetary appropriations and may not exceed 5% of the budget.
- *Unemployment insurance* – is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants as the District has elected to use the benefit reimbursement method.
- *Repairs* – is used to accumulate funds to finance costs of major repairs to capital improvements or equipment and requires a public hearing for its use.
- *Tax certiorari* – is used to pay judgments and claims resulting from certiorari proceedings. Funds not used by July 1 of the fourth fiscal year following their deposit must be returned to unassigned fund balance.
- *Employee benefit accrued liability* – is used to account for the payment of accumulated vacation and sick time due upon termination of an employee's services. It is 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.
- *Capital* – is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. During 2017, a capital reserve was approved by District voters which can be funded to a maximum of \$10,000,000 plus interest. As of June 30, 2021, \$3,371,898 has been funded.
- *Retirement contribution* – is used to finance retirement contributions payable to TRS and ERS. For TRS, funding is limited to 2% annually of eligible salaries with a maximum reserve of 10% of eligible salaries. At June 30, 2021, the retirement contribution reserve includes \$340,000 for TRS and \$1,010,000 for ERS.

Interfund Balances

The operations of the District include transactions between funds including resources for cash flow purposes. These interfund receivables and payables are repaid within one year. Permanent transfers of funds provide financing or other services.

In the government-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 fiduciary funds.

Interfund receivables and payables are netted on the accompanying governmental funds balance sheet as the right of legal offset exists. It is the District's practice to settle these amounts at the net balances due between funds.

2. Change in Accounting Principle

Effective July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. This statement redefines activities considered to be fiduciary, and as a result, payroll, employee third party withholdings, and certain other activities are now recorded in the general fund and scholarship activity is now reflected in a miscellaneous special revenue fund. In addition, fiduciary liabilities are now recognized only when an event has occurred that compels the District to disburse the fiduciary resources or no further action, approval, or condition is required prior to release of the assets. The impact of these required accounting changes on the District's governmental and fiduciary funds is as follows:

	Miscellaneous Special Revenue Fund	Total Government- Wide	Fiduciary Funds
Fund balance/net position/fiduciary net position, July 1, 2020	\$ -	\$ 32,805,194	\$ 17,958
Scholarship activity	17,958	17,958	(17,958)
Student activity accounts	-	-	89,201
Fund balance/net position/fiduciary net position, as restated, July 1, 2020	\$ 17,958	\$ 32,823,152	\$ 89,201

Fund balance and net position have not been restated in the prior year columns of the applicable financial statements as such information does not constitute a full comparative presentation of the prior year.

3. Stewardship and Compliance

The capital projects deficit fund balance of \$10,609,991 will be funded when the District obtains permanent financing.

4. Cash, Cash Equivalents, and Investments

Cash management is governed by State laws and as established in the District's written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District's banking policies permit the Treasurer to use demand accounts, certificates of deposit, and external investment pools. Invested resources are limited to obligations of the United States Treasury and its Agencies, repurchase agreements, and obligations of the State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. At June 30, 2021, the District's deposits were fully collateralized by FDIC coverage and securities held by the pledging institutions' agents in the District's name.

Credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's external investment pool is rated AAAM by S&P Global Ratings.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In order to limit its exposure, the District's external investment pool limits the purchase of investments to a maturity date of no more than 397 days from the purchase date. The maximum dollar weighted average maturity of the pool's investments is 60 days or less.

5. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 5,065,487	\$ 955,819	\$ 11	\$ 140,278
Special aid	949,995	3,778,392	35,979	-
Capital projects	5,824	1,281,993	104,299	-
School lunch	-	5,102	-	11
	\$ 6,021,306	\$ 6,021,306	\$ 140,289	\$ 140,289

The general fund provides cash flow to the various other funds; these amounts are repaid when funds are received from the State after final expenditure reports have been submitted and approved or when permanent financing is obtained. The general fund made permanent transfers to the special aid fund to cover its share of costs related to the summer school handicap program and to the capital projects fund for capital outlay.

6. Capital Assets

	July 1, 2020	Increases	Retirements/ Reclassifications	June 30, 2021
Non-depreciable capital assets:				
Land	\$ 1,231,100	\$ -	\$ -	\$ 1,231,100
Construction in progress	17,869,904	10,674,056	(17,924,320)	10,619,640
Total non-depreciable assets	19,101,004	10,674,056	(17,924,320)	11,850,740
Depreciable capital assets:				
Land improvements	2,107,558	-	16,266,932	18,374,490
Buildings and improvements	59,991,436	-	1,657,388	61,648,824
Furniture and equipment	3,691,575	35,650	-	3,727,225
Vehicles	115,799	52,668	-	168,467
Total depreciable assets	65,906,368	88,318	17,924,320	83,919,006
Less accumulated depreciation:				
Land improvements	2,029,476	1,090,178	-	3,119,654
Buildings and improvements	27,572,306	1,429,310	-	29,001,616
Furniture and equipment	2,892,873	159,766	-	3,052,639
Vehicles	93,132	5,528	-	98,660
Total accumulated depreciation	32,587,787	2,684,782	-	35,272,569
Total depreciable assets, net	33,318,581	(2,596,464)	17,924,320	48,646,437
	\$ 52,419,585	\$ 8,077,592	\$ -	\$ 60,497,177

Depreciation expense has been allocated to the following functions: general support \$402,717, instruction \$2,067,283, and pupil transportation \$214,782.

As of June 30, 2021, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation	\$ 60,497,177
Bond anticipation notes net of unspent proceeds	(10,609,991)
Bonds and energy performance contract and related premiums	(23,998,612)
	<u>\$ 25,888,574</u>

7. Short-Term Debt

During 2021, the District issued and repaid revenue anticipation notes (RANs) totaling \$5,100,000 with interest at 1.00%.

Bond anticipation notes (BANs) outstanding at June 30, 2021 amounted to \$15,400,000 and carry interest at 1.25%. The District intends to continue to reissue BANs to finance capital spending until serial bonds are issued.

8. Long-Term Liabilities

	July 1, 2020	Increases	Decreases	June 30, 2021	Amount Due in One Year
Bonds	\$ 23,725,000	\$ -	\$ 1,725,000	\$ 22,000,000	\$ 1,790,000
Bond premiums	1,816,153	-	145,730	1,670,423	-
Energy performance contract	400,406	-	72,217	328,189	75,591
Compensated absences	1,795,000	233,000	-	2,028,000	560,000
	<u>\$ 27,736,559</u>	<u>\$ 233,000</u>	<u>\$ 1,942,947</u>	<u>\$ 26,026,612</u>	<u>\$ 2,425,591</u>

Existing Obligations

Description	Maturity	Rate	Balance
Series 2013A	October 2023	2.50%	\$ 1,505,000
Serial Bonds - 2019	April 2034	3.00-5.00%	20,495,000
Energy performance contract	July 2024	5.17%	328,189
			<u>\$ 22,328,189</u>

Debt Service Requirements

Years ending June 30,	Bonds		Energy Performance Contract	
	Principal	Interest	Principal	Interest
2022	\$ 1,790,000	\$ 808,500	\$ 75,951	\$ 16,968
2023	1,860,000	733,625	79,878	13,041
2024	1,640,000	659,187	84,008	8,911
2025	1,390,000	589,000	88,352	4,566
2026	1,460,000	519,500	-	-
2027-2031	8,265,000	1,630,150	-	-
2032-2034	5,595,000	339,000	-	-
	<u>\$ 22,000,000</u>	<u>\$ 5,278,962</u>	<u>\$ 328,189</u>	<u>\$ 43,486</u>

9. Pension Plans

Plan Descriptions

The District participates in the following cost-sharing, multiple employer, public employee retirement systems:

- TRS is administered by the New York State Teachers' Retirement Board and provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from the New York State Teachers' Retirement System at www.nystrs.org.
- ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from the New York State and Local Retirement System at www.osc.state.ny.us/retire.

Benefits: The Systems provide retirement, disability, and death benefits for eligible members, including automatic cost of living adjustments. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors.

Contribution Requirements: No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers' Retirement Board. This rate was 9.53% for 2021. For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the District to the pension accumulation fund. For 2021, these rates ranged from 9.7% - 16.2%.

The amount outstanding and payable to TRS for the year ended June 30, 2021 was \$1,515,793. A liability to ERS of \$170,757 is accrued based on the District's legally required contribution for employee services rendered from April 1 through June 30, 2021.

Net Pension Position, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources

At June 30, 2021, the District reported a liability of \$2,792,193 for its proportionate share of the TRS net pension position and a liability of \$12,540 for its proportionate share of the ERS net pension position.

The TRS net pension position was measured as of June 30, 2020, and the total pension liability was determined by an actuarial valuation as of June 30, 2019, with update procedures applied to roll forward the net pension position to June 30, 2020. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to TRS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At June 30, 2020, the District's proportion was 0.101047%, an increase of 0.002453 from its proportion measured as of June 30, 2019.

The ERS net pension position was measured as of March 31, 2021, and the total pension liability was determined by an actuarial valuation as of April 1, 2020. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At the March 31, 2021 measurement date, the District's proportion was 0.0125934%, a decrease of 0.0009042 from its proportion measured as of March 31, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$4,064,099 on the government-wide statements (TRS expense of \$3,747,695 and ERS expense of \$316,404). At June 30, 2021, the District reported deferred outflows and deferred inflows of resources as follows:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,446,520	\$ 143,095	\$ 153,144	\$ -
Changes of assumptions	3,531,474	1,258,786	2,305,655	43,485
Net difference between projected and actual earnings on pension plan investments	1,823,547	-	-	3,602,154
Changes in proportion and differences between contributions and proportionate share of contributions	255,614	375,843	159,955	94,238
District contributions subsequent to the measurement date	1,515,793	-	170,757	-
	<u>\$ 9,572,948</u>	<u>\$ 1,777,724</u>	<u>\$ 2,789,511</u>	<u>\$ 3,739,877</u>

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

Years ending June 30,	TRS	ERS
2022	\$ 1,076,803	\$ (188,803)
2023	2,184,814	(51,658)
2024	1,785,081	(183,119)
2025	1,121,532	(697,543)
2026	6,643	-
Thereafter	104,558	-
	<u>\$ 6,279,431</u>	<u>\$ (1,121,123)</u>

Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2019 valuation, with update procedures used to roll forward the total pension liability to June 30, 2020, were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014. These assumptions are:

Inflation – 2.2%

Salary increases – Based on TRS member experience, dependent on service, ranging from 1.90%-4.72%

Projected Cost of Living Adjustments (COLA) – 1.3% compounded annually

Investment rate of return – 7.1% compounded annually, net of investment expense, including inflation

Mortality – Based on TRS member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2019, applied on a generational basis

Discount rate – 7.1%

The long-term expected rate of return on TRS pension plan investments was determined in accordance with Actuarial Standard of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

For ERS, the actuarial assumptions used in the April 1, 2020 valuation, with update procedures used to roll forward the total pension liability to March 31, 2021, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020. These assumptions are:

Inflation – 2.7%

Salary increases – 4.4%

COLA – 1.4% annually

Investment rate of return – 5.9% compounded annually, net of investment expense, including inflation

Mortality – Society of Actuaries' Scale MP-2020

Discount rate – 5.9%

The long-term expected rate of return on ERS 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 the target asset allocation percentage and by adding expected inflation.

Investment Asset Allocation

Best estimates of arithmetic real rates of return (net of the long-term inflation assumption) for each major asset class and the Systems' target asset allocations as of the applicable valuation dates are summarized as follows:

Asset Class	TRS		ERS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	33%	7.1%	32%	4.1%
Global and international equities	20%	7.4%-7.7%	15%	6.3%
Private equities	8%	10.4%	10%	6.8%
Real estate	11%	6.8%	9%	5.0%
Domestic fixed income securities	16%	1.8%	23%	-
Global fixed income securities	2%	1.0%	-	-
Bonds and mortgages	7%	3.6%	-	-
Short-term	1%	0.7%	1%	0.5%
Other	2%	3.9%-5.2%	10%	3.6%-6.0%
	<u>100%</u>		<u>100%</u>	

Discount Rate

The discount rate projection of cash flows assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Systems’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the District’s proportionate share of its net pension position calculated using the discount rate of 7.1% (TRS) and 5.9% (ERS) and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease	At Current Discount Rate	1.0% Increase
District’s proportionate share of the TRS net pension asset (liability)	\$ (17,637,320)	\$ (2,792,193)	\$ 9,666,631
District’s proportionate share of the ERS net pension asset (liability)	\$ (3,480,549)	\$ (12,540)	\$ 3,185,777

10. OPEB

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for continuation of medical insurance for certain District retirees and spouses. The Plan is open to all eligible employees and provides continued insurance through payment of monthly premiums by retirees through participation in the District’s policies. The District thereby provides an implicit rate subsidy on behalf of all eligible employees of which all are assumed to continue coverage at retirement. Plan options include single, two-person, family, and post-age 65 Medicare advantage. Benefit provisions are based on individual contracts with the District, as negotiated from time to time. Eligibility is based on covered employees who retire from the District over age 55 with at least five years of service and are eligible to receive benefits under TRS or ERS. The Plan has no assets, does not issue financial statements, and is not a trust.

At June 30, 2020, employees covered by the Plan include:

Active employees	332
Inactive employees or beneficiaries currently receiving benefits	59
Inactive employees entitled to but not yet receiving benefits	-
	<u>391</u>

Total OPEB Liability

The District’s total OPEB liability of \$1,928,558 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2020.

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

Healthcare cost trend rate – based on a review of published national trend survey data and updated long-term rates based on the Society of Actuaries Getzen Long-Term Healthcare Cost Trends Model v2019_b, with a rate of 6.50% initially for pre-65, 4.40% for post-65, and 6.75% for prescription drug coverage, reduced to an ultimate rate of 3.78% in 2075

Salary increases – 3.4%

Mortality – Pub-2010 mortality tables for employees and healthy annuitants, adjusted for mortality improvements with Scale MP-2019 mortality improvement scale on a fully generational basis

Discount rate – 2.45% based on the Fidelity General Obligation 20-year AA Municipal Bond Index as of the measurement date

Inflation rate – 2.25%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	\$ 2,596,385
Changes for the year:	
Service cost	136,552
Interest	84,078
Changes of benefit terms	-
Differences between expected and actual experience	(757,770)
Changes of assumptions or other inputs	(37,246)
Benefit payments	(93,441)
Net changes	(667,827)
Balance at June 30, 2021	\$ 1,928,558

The following presents the sensitivity of the District's total OPEB liability to changes in the discount rate, including what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% higher or lower than the current discount rate:

	1.0% Decrease (1.45%)	Discount Rate (2.45%)	1.0% Increase (3.45%)
Total OPEB liability	\$ (2,023,309)	\$ (1,928,558)	\$ (1,818,586)

The following presents the sensitivity of the District's total OPEB liability to changes in the healthcare cost trend rates, including what the District's total OPEB liability would be if it were calculated using trend rates that are 1% higher or lower than the current healthcare cost trend rates:

	1.0% Decrease (5.50% to 2.78%)	Healthcare Cost Trend Rate (6.50% to 3.78%)	1.0% Increase (7.50% to 4.78%)
Total OPEB liability	\$ (1,724,850)	\$ (1,928,558)	\$ (2,148,753)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2021, the District recognized OPEB expense of \$3,956. At June 30, 2021, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,001,311
Changes of assumptions or other inputs	483,755	287,109
Benefit payments subsequent to the measurement date	66,276	-
	\$ 550,031	\$ 2,288,420

Benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30,	
2022	\$ (216,674)
2023	(216,674)
2024	(216,674)
2025	(216,674)
2026	(216,674)
Thereafter	(721,295)
	\$ (1,804,665)

11. Risk Management

General Liability

The District purchases commercial insurance for various risks of loss due to torts, theft, damage, errors and omissions, and natural disasters. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years.

Health Insurance

The District participates in the NY44 Health Benefits Plan Trust (the Plan). The Plan has been established to administer a health insurance program to lower the costs of such coverage to the 23 participating members as of June 30, 2020 (the most recent information available).

The District has transferred all risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Refunds are not made nor additional assessments charged other than the annual premium equivalents. If the Plan's assets were to be exhausted, members would be equally responsible for the remaining liabilities.

The Plan has published its own financial report for the year ended June 30, 2020, which can be obtained from Erie 1 BOCES, 355 Harlem Road, West Seneca, New York 14224.

12. Commitments and Contingencies

Grants

The District receives financial assistance from federal and state agencies in the form of grants and calculated aid as determined by the State. The expenditure of grant funds generally requires compliance with the terms and conditions specified in the agreements and is subject to audit by the grantor agencies. State aid payments are based upon estimated expenditures and pupil statistics, are complex, and subject to adjustment. Any disallowed claims resulting from such audits could become a liability of the District. Based on prior experience, management expects such amounts to be immaterial.

Litigation

The District is subject to claims and lawsuits that arise in the ordinary course of business. In the opinion of management, these claims and lawsuits will not have a material adverse effect upon the financial position of the District.

Construction Commitments

The District has entered into contracts with various construction companies for its capital improvement project that is expected to cost \$16,400,000. As of June 30, 2021, \$10,620,000 has been expended with numerous open contracts in place.

13. Risks and Uncertainties

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease continued into 2021, and the District was required to implement numerous safety measures and remote learning initiatives. The full extent of the impact of COVID-19 on the District's operational and financial performance will depend on further developments, including the duration and spread of the outbreak and its impact on school districts and their residents, employees, and vendors, none of which can be predicted.

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Position
New York State Teachers' Retirement System

As of the measurement date of June 30,	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension position	0.101047%	0.098594%	0.095852%	0.101843%	0.099317%	0.099907%	0.097704%	0.094712%
District's proportionate share of the net pension asset (liability)	\$ (2,792,193)	\$ 2,561,482	\$ 1,733,254	\$ 774,110	\$ (1,063,732)	\$ 10,377,179	\$ 10,883,626	\$ 623,445
District's covered payroll	\$ 17,153,138	\$ 16,456,968	\$ 15,613,184	\$ 16,138,797	\$ 15,325,686	\$ 15,007,424	\$ 14,432,415	\$ 13,873,260
District's proportionate share of the net pension position as a percentage of its covered payroll	16.28%	15.56%	11.10%	4.80%	6.94%	69.15%	75.41%	4.49%
Plan fiduciary net position as a percentage of the total pension liability	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

The following is a summary of changes of assumptions:

Inflation	2.2%	2.2%	2.25%	2.5%	2.5%	3.0%	3.0%	3.0%
Salary increases	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	4.0%-10.9%	4.0%-10.9%	4.0%-10.9%
Cost of living adjustments	1.3%	1.3%	1.5%	1.5%	1.5%	1.625%	1.625%	1.625%
Investment rate of return	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Discount rate	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Society of Actuaries' mortality scale	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA	AA

Data prior to 2013 is unavailable.

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

**Required Supplementary Information
Schedule of District Contributions
New York State Teachers' Retirement System**

For the years ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 1,515,793	\$ 1,519,768	\$ 1,747,730	\$ 1,530,092	\$ 1,891,467	\$ 2,032,186	\$ 2,630,801	\$ 2,345,267	\$ 1,642,594
Contribution in relation to the contractually required contribution	(1,515,793)	(1,519,768)	(1,747,730)	(1,530,092)	(1,891,467)	(2,032,186)	(2,630,801)	(2,345,267)	(1,642,594)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 15,905,488	\$ 17,153,138	\$ 16,456,968	\$ 15,613,184	\$ 16,138,797	\$ 15,325,686	\$ 15,007,424	\$ 14,432,415	\$ 13,873,260
Contributions as a percentage of covered payroll	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%

Data prior to 2013 is unavailable.

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

**Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Position
New York State and Local Employees' Retirement System**

As of the measurement date of March 31,	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.0125934%	0.0134976%	0.0131515%	0.0133343%	0.0141251%	0.0147268%	0.0141323%
District's proportionate share of the net pension liability	\$ (12,540)	\$ (3,574,242)	\$ (931,827)	\$ (430,357)	\$ (1,327,229)	\$ (2,363,688)	\$ (477,424)
District's covered payroll	\$ 4,343,561	\$ 4,323,326	\$ 4,150,825	\$ 3,966,240	\$ 3,949,295	\$ 4,042,934	\$ 3,859,820
District's proportionate share of the net pension position as a percentage of its covered payroll	0.29%	82.67%	22.45%	10.85%	33.61%	58.46%	12.37%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
The following is a summary of changes of assumptions:							
Inflation	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Society of Actuaries' mortality scale	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

Data prior to 2015 is unavailable.

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

**Required Supplementary Information
Schedule of District Contributions
New York State and Local Employees' Retirement System**

For the years ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 601,752	\$ 593,776	\$ 580,956	\$ 568,263	\$ 576,514	\$ 742,863	\$ 751,635	\$ 746,353	\$ 585,364
Contribution in relation to the contractually required contribution	(601,752)	(593,776)	(580,956)	(568,263)	(576,514)	(742,863)	(751,635)	(746,353)	(585,364)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 4,343,561	\$ 4,323,326	\$ 4,150,825	\$ 3,966,240	\$ 3,949,295	\$ 4,042,934	\$ 3,859,820	\$ 3,680,218	\$ 3,463,079
Contributions as a percentage of covered payroll	13.85%	13.73%	14.00%	14.33%	14.60%	18.37%	19.47%	20.28%	16.90%

Data prior to 2013 is unavailable.

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

**Required Supplementary Information
Schedule of Changes in the District's
Total OPEB Liability and Related Ratios**

June 30,	2021	2020	2019	2018
Total OPEB liability - beginning	\$ 2,596,385	\$ 2,444,169	\$ 3,551,177	\$ 3,796,107
Changes for the year:				
Service cost	136,552	128,242	157,879	180,909
Interest	84,078	91,720	130,535	114,114
Changes of benefit terms	-	(135,765)	-	-
Differences between expected and actual experience	(757,770)	-	(1,815,365)	-
Changes of assumptions or other inputs	(37,246)	145,407	504,643	(401,930)
Benefit payments	(93,441)	(77,388)	(84,700)	(138,023)
Net change in total OPEB liability	(667,827)	152,216	(1,107,008)	(244,930)
Total OPEB liability - ending	\$ 1,928,558	\$ 2,596,385	\$ 2,444,169	\$ 3,551,177
Covered-employee payroll	\$ 20,380,286	\$ 21,650,974	\$ 20,659,603	\$ 21,038,285
Total OPEB liability as a percentage of covered-employee payroll	9.5%	12.0%	11.8%	16.9%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Differences between expected and actual experience in 2021 reflect a less than expected increase in claims costs and changes in healthcare trend rates. Changes of benefit terms for 2020 are due to a change in available medical plan options for certain employee groups. Differences between expected and actual experience for 2019 include the impact of demographic changes and benefit claim costs.

The following is a summary of changes of assumptions:

Healthcare cost trend rates	6.50%-3.78%	6.75%-3.78%	7.00%-3.89%	7.25%-3.89%
Inflation	2.25%	2.25%	2.25%	2.25%
Salary increases	3.4%	3.4%	3.4%	3.0%-3.5%
Discount rate	2.45%	3.13%	3.62%	3.56%
Society of Actuaries' mortality scale	MP-2019	MP-2018	MP-2017	MP-2017

Data prior to 2018 is unavailable.

Supplementary Information
Schedule of Change from Original to Final Budget and
Calculation of Unrestricted Fund Balance Limit - General Fund

For the year ended June 30, 2021

Original expenditure budget	\$ 47,272,614
Encumbrances carried over from prior year	<u>17,246</u>
Revised expenditure budget	<u>\$ 47,289,860</u>

* * *

Unrestricted Fund Balance

Assigned	\$ 237,801
Unassigned	<u>2,052,971</u>
	2,290,772
Encumbrances included in assigned fund balance	(114,096)
Appropriated fund balance used for tax levy	<u>(123,705)</u>
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	<u>\$ 2,052,971</u>

§1318 of Real Property Tax Law - unrestricted fund balance limit calculation

2022 expenditure budget (unaudited)	\$ 51,324,296
4% of budget	<u>2,052,972</u>
Actual percentage of 2022 expenditure budget	<u>4.0%</u>

Supplementary Information
Schedule of Capital Project Expenditures

For the year ended June 30, 2021

Project Title	Budget	Expenditures			Unexpended Balance
		Prior Years	Current Year	Total	
Capital outlay 2021	\$ 100,000	\$ -	\$ 100,000	\$ 100,000	\$ -
Smart Schools Bond Act	1,144,417	63,481	928,683	992,164	152,253
Union East additions and alterations	16,400,000	974,264	9,645,373	10,619,637	5,780,363
	<u>\$ 17,644,417</u>	<u>\$ 1,037,745</u>	<u>\$ 10,674,056</u>	<u>\$ 11,711,801</u>	<u>\$ 5,932,616</u>

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

Supplementary Information
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grantor Number	Expenditures
<u>U.S. Department of Education:</u>			
Passed Through New York State Education Department:			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-21-0214	\$ 520,076
Special Education Preschool Grants	84.173	0033-21-0214	24,080
Total Special Education Cluster			544,156
Title I Grants to Local Educational Agencies	84.010	0021-21-0745	735,031
Title I Grants to Local Educational Agencies	84.010	0021-20-0745	41,047
Title I Grants to Local Educational Agencies	84.010	0011-21-3022	188,630
Title I Grants to Local Educational Agencies	84.010	0011-20-3022	14,404
Supporting Effective Instruction State Grants	84.367	0147-21-0745	116,020
Supporting Effective Instruction State Grants	84.367	0147-20-0745	45,246
English Language Acquisition State Grants	84.365	0149-21-0745	6,405
English Language Acquisition State Grants	84.365	0149-20-0745	16,318
English Language Acquisition State Grants	84.365	0293-21-0745	6,518
English Language Acquisition State Grants	84.365	0293-20-0745	14,219
English Language Acquisition State Grants	84.365	0204-21-0745	61,689
Education Stabilization Fund - Governor's Emergency Education Relief Fund	84.425C	5895-21-0800	126,488 ¹
Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-0745	745,979 ¹
Total U.S. Department of Education			2,662,150
<u>U.S. Department of the Treasury:</u>			
Passed Through Erie County:			
Coronavirus Relief Fund	21.019	N/A	277,000
<u>U.S. Department of Agriculture:</u>			
Passed Through New York State Education Department:			
Child Nutrition Cluster:			
COVID-19 - School Breakfast Program	10.553	N/A	262,675
COVID-19 - National School Lunch Program	10.555	N/A	341,703
Total Child Nutrition Cluster			604,378
Passed Through New York State Office of General Services:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	64,009
Total Child Nutrition Cluster and U.S. Department of Agriculture			668,387
Total Expenditures of Federal Awards			\$ 3,607,537

¹ Total Education Stabilization Fund - \$872,467

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

Basis of Presentation

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

Basis of Accounting

The District uses the modified accrual basis of accounting for each federal program, consistent with the fund basis financial statements.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable programs and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the District’s financial reporting system.

Indirect Costs

The District does not use the 10% de minimis indirect cost rate permitted by the Uniform Guidance.

Non-Monetary Federal Program

The District is the recipient of a federal award program that does not result in cash receipts or disbursements, termed a “non-monetary program.” During the year ended June 30, 2021, the District used \$64,009 worth of commodities under the National School Lunch Program (CFDA Number 10.555).

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

The Board of Education
Cheektowaga 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 remaining fund information of Cheektowaga Central School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 12, 2021.

Internal Control over Financial Reporting

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

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

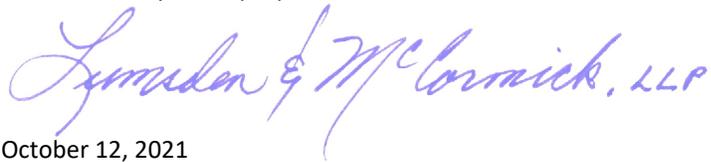
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Lyndon & McCormick, LLP". The signature is written in a cursive, flowing style.

October 12, 2021

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

The Board of Education
Cheektowaga Central School District

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the 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, 2021.

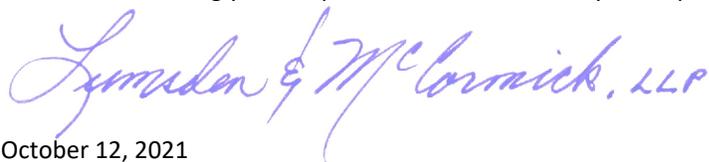
Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 the 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.

A handwritten signature in blue ink that reads "Lynden & McCormick, LLP". The signature is written in a cursive, flowing style.

October 12, 2021

Schedule of Findings and Questioned Costs

For the year ended June 30, 2021

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? No

Identification of major programs:

Name of Federal Program or Cluster	CFDA #	Amount
Education Stabilization Fund - Governor's Emergency Education Relief Fund	84.425C	\$ 126,488
Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	84.425D	745,979
Total Education Stabilization Fund		<u>\$ 872,467</u>

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Section II. Financial Statement Findings

No matters were reported.

Section III. Federal Award Findings and Questioned Costs

No matters were reported.