

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

CINCINNATUS CENTRAL SCHOOL DISTRICT

JUNE 30, 2020

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-11
FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities and Changes in Net Position	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position.....	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	16
Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	17
Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position	18
NOTES TO FINANCIAL STATEMENTS	19-45

CINCINNATUS CENTRAL SCHOOL DISTRICT

JUNE 30, 2020

TABLE OF CONTENTS (CONTINUED)

	<u>PAGE</u>
REQUIRED AND OTHER SUPPLEMENTAL SCHEDULES	46
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual – General Fund.....	47
Schedule of Changes in the District’s Total OPEB Liability and Related Ratios.....	48
Schedule of District Contributions – NYSLRS Pension Plan.....	49
Schedule of District Contributions – NYSTRS Pension Plan.....	49
Schedule of District’s Proportionate Share of the Net Pension (Asset)/Liability – NYSLRS Pension Plan.....	50
Schedule of District’s Proportionate Share of the Net Pension (Asset)/Liability – NYSTRS Pension Plan.....	50
Schedules of Change from Adopted Budget to Final Budget and Use of Unreserved Fund Balance – General Fund.....	51
Schedule of Project Expenditures – Capital Projects Fund.....	52
Net Investment in Capital Assets.....	53
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	54-55
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	56-57
Schedule of Expenditures of Federal Awards.....	58
Notes to Schedule of Expenditures of Federal Awards.....	59
Schedule of Findings and Questioned Costs.....	60



Port, Kashdin & McSherry
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Cincinnatus Central School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cincinnatus Central School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-11, and budgetary comparison information, Schedule of Funding Progress Other Post-Employment Benefits Plan, Schedules of Local Government Proportionate Share of Net Pension Asset/Liability and Schedules of Local Government Contributions on pages 47-50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

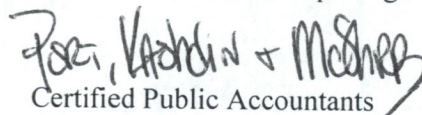
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cincinnatus Central School District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S.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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2020, on our consideration of Cincinnatus Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cincinnatus Central School District's internal control over financial reporting and compliance.


Certified Public Accountants

Cortland, NY
October 8, 2020

CINCINNATUS CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2020

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

FINANCIAL HIGHLIGHTS

- Capital asset additions during 2020 amounted to \$588,940 of which \$232,642 was for the purchase of new buses, \$52,367 for Smart Schools, \$120,380 towards repairs from the lightning strike from the spring of 2019, \$92,556 for instructional and general support, and the remaining balance of \$90,995 for the capital project.
- Total fund balance, including reserves, in the General Fund was \$3,737,876 at June 30, 2020, which increased by \$469,235 due to an excess of revenues over expenditures and other adjustments.
- The Board of Education authorized the creation of the Retirement Contribution Reserve Sub-Fund in May of 2019, pursuant to Section 6-r of the General Municipal Law, which will be used to offset future TRS related expenses. The District has contributed \$197,016 to this reserve thru June 30, 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

District-wide Statements

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

The District's total assets and deferred outflows of resources increased 14.4% from the prior year to just over \$41.1 million. (See Table I). Current assets increased 8.4%, primarily due to the increased receivable from the Fiduciary Funds and the unrestricted cash balances of the District increasing to just over \$1.1 million, from \$974,000 in the prior year. Capital assets decreased as a result of depreciation expense exceeding capital purchases, including construction in progress. The District's noncurrent liabilities increased 15.6%, primarily due to changes in actuarial values on post-employment benefits. Current liabilities, which include current amounts due on outstanding debt, as well as amounts due to both Teacher and Employee Retirement Systems, increased 1.3%. Net position for the year increased to a deficit of \$7.9 million.

Table I

Condensed Statement of Net Position	Governmental Activities and Total School District		Total Dollar Change
	2019	2020	2019-2020
Current Assets	\$ 2,671,315	\$ 2,895,630	\$ 224,315
Noncurrent Assets	2,095,125	2,771,325	676,200
Capital Assets, Net	27,945,254	27,548,927	(396,327)
Total Assets	32,711,694	33,215,882	504,188
Deferred Outflows of Resources	3,179,024	7,835,337	4,656,313
Deferred Outflows of Resources	3,179,024	7,835,337	4,656,313
Current Liabilities	2,507,943	2,541,021	33,078
Noncurrent Liabilities	36,423,053	42,102,099	5,679,046
Total Liabilities	38,930,996	44,643,120	5,712,124
Deferred Inflows of Resources	4,527,601	4,391,058	(136,543)
Deferred Inflows of Resources	4,527,601	4,391,058	(136,543)
Net Investment in Capital Assets	13,394,254	14,603,927	1,209,673
Restricted	3,034,306	2,939,947	(94,359)
Unrestricted	(24,096,438)	(25,526,833)	(1,430,395)
Total Net Position	\$ (7,667,878)	\$ (7,982,959)	(315,081)

Table II

Changes in Net Position From Operating Results	Governmental and Total School District		Dollar Change
	2019	2020	2019-2020
Revenues			
Program Revenues:			
Charges for Services	\$ 127,290	\$ 78,441	\$ (48,849)
Operating Grants and Contributions	959,458	1,077,771	118,313
Capital Grants and Contributions	-	-	-
General Revenues:			
Property Taxes	3,833,036	3,870,495	37,459
State Formula Aid	11,894,573	12,210,637	316,064
Federal Aid	34,127	49,101	14,974
Interest Earnings	2,191	11,331	9,140
Other General Revenues	379,888	365,040	(14,848)
Total Revenues	17,230,563	17,662,816	432,253
Program Expenses			
General Support	1,520,462	1,555,231	34,769
Instruction	9,006,592	9,171,102	164,510
Transportation	643,333	635,358	(7,975)
Employee Benefits	2,785,040	3,381,389	596,349
Debt Service - Interest	1,020,355	663,972	(356,383)
Other Post-employment Benefits	1,559,745	2,004,186	444,441
Capital Outlay	-	-	-
School Lunch Program	390,728	469,135	78,407
Total Expenses	16,926,255	17,880,373	954,118
Increase (Decrease) in Net Position	\$ 304,308	\$ (217,557)	\$ (521,865)

The District's total revenues increased compared to the prior fiscal year. (See Table II and Figure 1). Property tax revenues increased just under 1.0% over the prior year and accounted for 22% of total revenues. State aid increased to just over \$12.2 million and accounted for 69% of total revenues.

The District's total expenses for the fiscal year were just under \$17.9 million, or a 5.6% increase from the prior year. Of the District's total expenses, Instruction costs are 51% of the total, while General Support costs (which include Central Services) accounted for 9% of total expenses (See Figure 2). Employee Benefit costs increased to over \$3.3 million or 19% of the District's total expenses, largely due to the District's share of the pension liabilities and related expenses for both TRS and ERS Systems, as well as changes in both deferred inflows and outflows of both. Expenses associated with Post-employment Benefits increased 28.5%, or approximately 11% of the District's total expenses.

For the current year, the overall decrease in net position was approximately \$217,500, compared with the prior year increase of \$304,000.

Figure 1 – Revenues

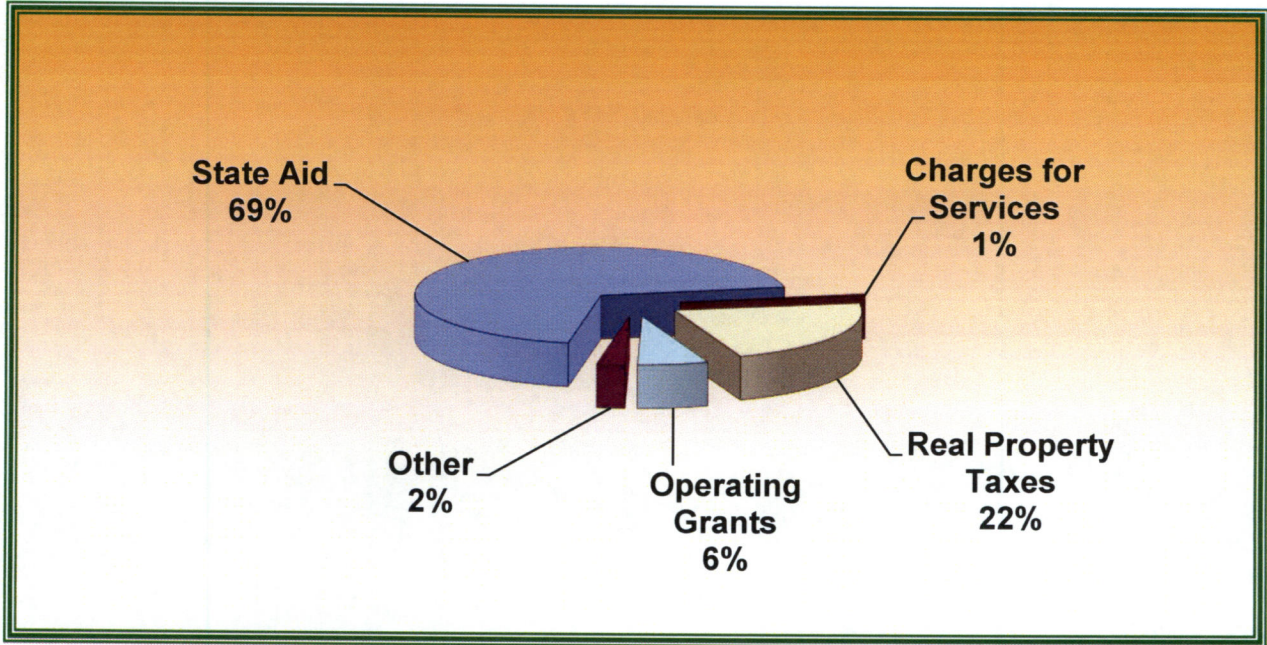
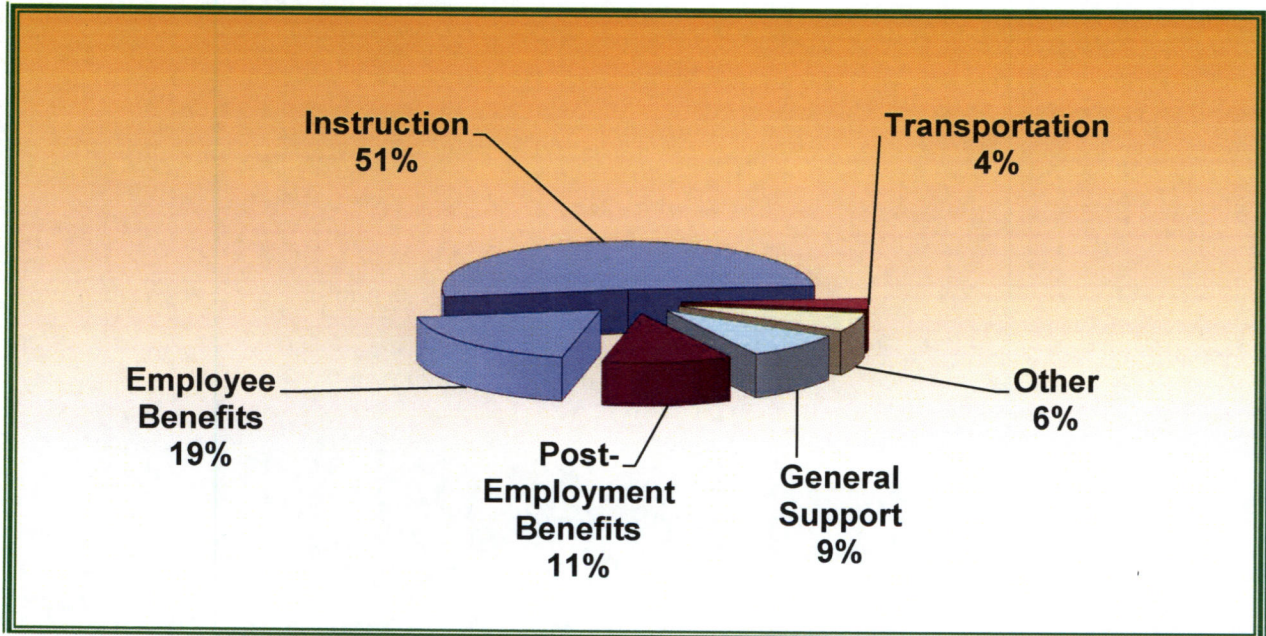


Figure 2 – Expenses



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's governmental funds ended the fiscal year with a combined increase of just under \$773,000 (see Table III). All funds had revenues in excess of expenditures.

Table III

Governmental Fund Balances	Total Dollar Change		Total Percentage Change	
	2019	2020		2019-2020
General Fund	\$ 3,268,641	\$ 3,737,876	\$ 469,235	14.36%
Special Aid	104	13,687	13,583	0.00%
School Lunch	13,708	40,599	26,891	196.17%
Debt Service	324,580	335,052	10,472	3.23%
Capital Project	(234,074)	18,690	252,764	-381.73%
	<u>\$ 3,372,959</u>	<u>\$ 4,145,904</u>	<u>\$ 772,945</u>	<u>22.92%</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

Although the General Fund final budget anticipated that expenditures would exceed revenues by \$535,469 (the appropriated balance), the actual results for the year report a surplus of \$566,756, before any adjustments. Actual revenues were below budgeted expectations by \$73,957, and expenditures (including encumbrances) were \$1,111,693 below budget.

Table IV

Condensed Budgetary Comparison General Fund	Original Budget	Revised Budget	Actual With Encumbrances	Total Dollar Variance
REVENUES				
Real Property Taxes	\$ 3,868,055	\$ 3,868,055	\$ 3,291,447	\$ (576,608)
Other Tax Items	5,000	5,000	579,048	574,048
State and Federal Sources	12,085,868	12,085,868	11,988,133	(97,735)
Other Financing Sources	262,777	262,777	289,115	26,338
Total Revenues and Other Financing Sources	\$ 16,221,700	\$ 16,221,700	\$ 16,147,743	\$ (73,957)
Appropriated Fund Balances	\$ 480,000	\$ 535,469	\$ -	\$ (535,469)
EXPENDITURES				
General Support	\$ 1,660,991	\$ 1,715,451	\$ 1,545,474	\$ 169,977
Instruction	8,123,924	8,121,219	7,804,496	316,723
Pupil Transportation	549,746	557,479	439,541	117,938
Community Service	-	-	-	-
Employee Benefits	3,785,563	3,753,143	3,275,112	478,031
Debt Service	2,461,476	2,461,477	2,461,476	1
Operating Transfers Out	120,000	148,400	119,377	29,023
Total Expenditures and Other Financing Uses	\$ 16,701,700	\$ 16,757,169	\$ 15,645,476	\$ 1,111,693

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

During the fiscal year, the District invested \$588,940 in additional capital assets, consisting of new buses, instructional and general support, equipment, and the remaining construction in progress. Depreciation expense for the fiscal year was \$837,048.

Long-term Debt

At year-end, the District's long-term debt consisted of \$12,945,000 of serial bonds outstanding. The new serial bonds carry an average interest rate that varies between .8% and 5% with a final maturity date of 2037.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The Cincinnati Central School District has been very aggressive in applying for many types of grants (Title Grants, IDEA, School Improvement Grant, and Teacher Center) to help fund programs. Additionally, the District received an increase in Foundation Aid, including the Community Schools set-aside. The budgeted increase in Foundation Aid was \$193,669. Overall, projected state aid increased \$265,188 in 2019-20 compared to 2018-19. The future state aid picture remains uncertain as the state has withheld 20% from aid payments to districts due to state revenue issues resulting from the COVID-19 pandemic. Without federal stimulus money, these reductions could become permanent.

Internally, the District is trying to maximize revenues within the current funding dynamic by shifting programs that lend itself to BOCES Aid to drive additional revenue for the District. Shared services are already in place but will be continued to be examined in all areas. For fiscal year 2019-20, the District continued to operate its business operations through the CBO (Central Business Office) and Shared Business Administrator. Additionally, some Food Service operations were shared to contain costs.

Enrollment has been relatively stable and fluctuates slightly each year.

The District completed its seventh Capital Outlay Project, focusing on school safety and security in 2019-20. Moving forward, the District will continue to use its capital outlay projects to address building safety and security.

Employer Contribution Rates decreased for the Employee Retirement System (ERS) and the Teachers Retirement System (TRS) in 2019-20. The ERS rate decrease was not enough to offset increasing salaries, so a 0.8% increase was budgeted in ERS for 2019-20, and a 14.7% decrease was budgeted for TRS due to the decrease in rate and attrition. The Employee Contribution Rate for TRS will increase in 2020-21.

The Board of Education authorized the creation of the Retirement Contribution Reserve Sub-Fund in May of 2019, pursuant to Section 6-r of the General Municipal Law, which will be used to offset future TRS related expenses. Additionally, District voters approved the creation of a Capital Reserve in May 2019 to offset the cost of future capital projects. The funding limit of this reserve is \$1,000,000.

In accordance with GASB 75, the District has completed an analysis of other postemployment benefits (OPEB) by contracting with Questar III BOCES. For year end June 30, 2020, the District's net OPEB was \$29,558,276. This will continue to increase, as the ratio of retired staff to active staff narrows and health insurance costs continue to increase. The District is looking into ways to mitigate these costs going forward.

The District has collective bargaining agreements in place with the Cincinnati Education Association (through June 30, 2022), the Cincinnati Support Staff Association (through June 30, 2022), and the Cincinnati Administrators' Association (through June 30, 2022).

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

CINCINNATUS CENTRAL SCHOOL DISTRICT

Statement of Net Position June 30, 2020

ASSETS

Cash - Unrestricted	\$	1,103,120
Cash - Restricted		1,987,431
State and Federal Aid		1,443,923
Other Receivables		49,039
Due From Fiduciary Funds		299,548
Inventories		13,960
Prepaid Expenditures		-
Capital Assets, not Being Depreciated		9,682,300
Capital Assets, Being Depreciated, Net of Accumulated Depreciation		17,866,627
Net Pension Asset - Proportionate Share		769,934
Total Assets		33,215,882

DEFERRED OUTFLOW OF RESOURCES

Pensions		4,748,389
OPEB (GASB 75)		3,086,948
Total Deferred Outflows of Resources		7,835,337
Total Assets and Deferred Outflows of Resources	\$	41,051,219

LIABILITIES

Payables		
Accounts Payable	\$	71,824
Accrued Liabilities		99,955
Due to Other Governments		-
Unearned Revenues		21,878
Long-term Liabilities		
Due and Payable Within One Year		
Bonds Payable		1,840,000
Due to Teachers' Retirement System		472,151
Due to Employees' Retirement System		35,213
Due and Payable After One Year		
Bonds Payable		11,105,000
Post-employment Benefits		29,558,276
Compensated Absences Payable		600,654
Net Pension Liability - Proportionate Share		838,169
Total Liabilities		44,643,120

DEFERRED INFLOWS OF RESOURCES

Pensions		1,098,638
Deferred Credit From Refunding Debt		129,524
OPEB (GASB 75)		3,162,896
Total Deferred Inflows of Resources		4,391,058

NET POSITION

Net Investment in Capital Assets		14,603,927
Restricted		
Non-spendable		13,960
Restricted		2,079,048
Committed		-
Assigned		846,939
Unrestricted (Deficit)		(25,526,833)
Total Net Position		(7,982,959)
Total Liabilities Deferred Inflows of Resources and Net Position	\$	41,051,219

CINCINNATUS CENTRAL SCHOOL DISTRICT

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

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS				
General Support	\$ 1,555,231	\$ 26,605	\$ -	\$ (1,528,626)
Instruction	9,171,102	-	682,965	(8,488,137)
Pupil Transportation	635,358	-	-	(635,358)
Community Service	-	-	-	-
Employee Benefits	3,381,389	-	-	(3,381,389)
Debt Service - Interest	663,972	-	-	(663,972)
School Lunch Program	469,135	51,836	394,806	(22,493)
Post-employment Benefits	2,004,186	-	-	(2,004,186)
Capital Outlay	-	-	-	-
Other Expenditures	-	-	-	-
	<hr/>	<hr/>	<hr/>	
Total Functions and Programs	<u>\$ 17,880,373</u>	<u>\$ 78,441</u>	<u>\$ 1,077,771</u>	(16,724,161)
GENERAL REVENUES				
Real Property Taxes				3,291,447
Other Tax Items				579,048
Nonproperty Taxes				-
Use of Money and Property				11,331
Sale of Property and Compensation for Loss				89,062
Miscellaneous				275,978
State Sources				12,210,637
Federal Sources				<u>49,101</u>
Total General Revenues				<u>16,506,604</u>
Change in Net Position				(217,557)
Total Net Position - Beginning of Year				(7,667,878)
Other Adjustments to Net Position/Rounding				<u>(97,524)</u>
Total Net Position - End of Year				<u>\$ (7,982,959)</u>

CINCINNATUS CENTRAL SCHOOL DISTRICT

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

	General	Special Aid	School Lunch	Capital Projects	Debt Service	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	\$ 755,117	\$ 1,744	\$ 20,733	\$ (8,093)	\$ 333,619	\$ 1,103,120
Restricted	1,987,431	-	-	-	-	1,987,431
Receivables						
Due From Other Funds	822,122	-	28,915	1,748	1,433	854,218
State and Federal Aid	980,014	335,546	64,532	63,831	-	1,443,923
Due From Other Governments	5,564	-	-	-	-	5,564
Other Receivables	35,618	-	7,857	-	-	43,475
Prepaid Expenditures	-	-	-	-	-	-
Inventories	-	-	13,960	-	-	13,960
Total Assets	<u>\$ 4,585,866</u>	<u>\$ 337,290</u>	<u>\$ 135,997</u>	<u>\$ 57,486</u>	<u>\$ 335,052</u>	<u>\$ 5,451,691</u>
LIABILITIES						
Payables						
Accounts Payable	\$ 56,271	\$ 422	\$ 13,383	\$ 1,748	-	\$ 71,824
Accrued Liabilities	67,551	-	86	-	-	67,637
Due to Other Funds	133,821	305,940	77,861	37,048	-	554,670
Due to Other Governments	-	-	-	-	-	-
Due to Teachers' Retirement System	472,151	-	-	-	-	472,151
Due to Employees' Retirement System	35,213	-	-	-	-	35,213
Compensated Absences Liability	82,414	-	-	-	-	82,414
Revenue Anticipation Notes	-	-	-	-	-	-
Bond Anticipation Notes	-	-	-	-	-	-
Unearned Revenues	569	17,241	4,068	-	-	21,878
Total Liabilities	<u>847,990</u>	<u>323,603</u>	<u>95,398</u>	<u>38,796</u>	<u>-</u>	<u>1,305,787</u>

	General	Special Aid	School Lunch	Capital Projects	Debt Service	Total Governmental Funds
FUND BALANCES						
Non-spendable						
Reserve for Inventory	\$ -	\$ -	\$ 13,960	\$ -	\$ -	\$ 13,960
Restricted						
Reserve for Encumbrances	-	6,245	-	-	-	6,245
Reserve for Employee Benefit						
Accrued Liability	167,685	-	-	-	-	167,685
Reserve for Retirement Contributions-ERS	755,631	-	-	-	-	755,631
Reserve for Retirement Contributions-TRS	197,016	-	-	-	-	197,016
Reserve for Tax Certiorari	25,020	-	-	-	-	25,020
Reserve for Unemployment Insurance	190,561	-	-	-	-	190,561
Reserve for Repairs	33,081	-	-	-	-	33,081
Reserve for Workers' Compensation	315,347	-	-	-	-	315,347
Capital Reserve	303,089	-	-	-	-	303,089
Reserve for Debt	-	-	-	-	85,373	85,373
Committed	-	-	-	-	-	-
Assigned						
Reserve for Encumbrances	64,489	-	-	-	-	64,489
Unreserved - Designated for						
Subsequent Year's Expenditures	480,000	7,442	26,639	18,690	249,679	782,450
Unassigned	1,205,957	-	-	-	-	1,205,957
Total Fund Balances	3,737,876	13,687	40,599	18,690	335,052	4,145,904
Total Liabilities and Fund Balances	\$ 4,585,866	\$ 337,290	\$ 135,997	\$ 57,486	\$ 335,052	\$ 5,451,691

CINCINNATUS CENTRAL SCHOOL DISTRICT

**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2020**

	<u>Total Governmental Funds</u>	<u>Long-term Assets, Liabilities</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Net Position Totals</u>
ASSETS				
Cash - Unrestricted	\$ 1,103,120	\$ -	\$ -	\$ 1,103,120
Cash - Restricted	1,987,431	-	-	1,987,431
Accounts Receivable	43,475	-	-	43,475
Due From Other Funds	854,218	-	554,670	299,548
State and Federal Aid Receivable	1,443,923	-	-	1,443,923
Due from Other Governments	5,564	-	-	5,564
Inventories	13,960	-	-	13,960
Prepaid Expenditures	-	-	-	-
Capital Assets, Net	-	27,548,927	-	27,548,927
Net Pension Asset - Proportionate Share	-	769,934	-	769,934
Total Assets	<u>5,451,691</u>	<u>28,318,861</u>	<u>554,670</u>	<u>33,215,882</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB (GASB 75)	-	4,748,389	-	4,748,389
Pensions	-	3,086,948	-	3,086,948
Total Deferred Outflow of Resources	<u>-</u>	<u>7,835,337</u>	<u>-</u>	<u>7,835,337</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,451,691</u>	<u>\$ 36,154,198</u>	<u>\$ 554,670</u>	<u>\$ 41,051,219</u>
LIABILITIES				
Accounts Payable	\$ 71,824	\$ -	\$ -	\$ 71,824
Accrued Liabilities	67,637	32,318	-	99,955
Due to Other Funds	554,670	-	554,670	-
Due to Other Governments	-	-	-	-
Due to Teachers' Retirement System	472,151	-	-	472,151
Due to Employees' Retirement System	35,213	-	-	35,213
Compensated Absences	82,414	518,240	-	600,654
Bond Anticipation Notes Payable	-	-	-	-
Other Post-employment Benefits	-	29,558,276	-	29,558,276
Unearned Revenues	21,878	-	-	21,878
Bonds Payable	-	12,945,000	-	12,945,000
Net Pension Liability - Proportionate Share	-	838,169	-	838,169
Total Liabilities	<u>1,305,787</u>	<u>43,892,003</u>	<u>554,670</u>	<u>44,643,120</u>
DEFERRED INFLOWS OF RESOURCES				
OPEB (GASB 75)	-	3,162,896	-	3,162,896
Pensions	-	1,098,638	-	1,098,638
Deferred Credit From Refunding Debt	-	129,524	-	129,524
Total Deferred Inflows of Resources	<u>-</u>	<u>4,391,058</u>	<u>-</u>	<u>4,391,058</u>
FUND BALANCE/NET POSITION				
Total Fund Balance/Net Position	<u>4,145,904</u>	<u>(12,128,863)</u>	<u>-</u>	<u>(7,982,959)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position	<u>\$ 5,451,691</u>	<u>\$ 36,154,198</u>	<u>\$ 554,670</u>	<u>\$ 41,051,219</u>

CINCINNATUS CENTRAL SCHOOL DISTRICT

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

	General	Special Aid	School Lunch	Capital Projects	Debt Service	Total Governmental Funds
REVENUES						
Real Property Taxes	\$ 3,291,447	\$ -	\$ -	\$ -	\$ -	\$ 3,291,447
Other Tax Items	579,048	-	-	-	-	579,048
Charges for Services	26,605	-	-	-	-	26,605
Use of Money and Property	854	-	3	1	10,473	11,331
Sale of Property and						
Compensation for Loss	4,728	-	-	152,049	-	156,777
Miscellaneous	256,928	-	19,050	-	-	275,978
Interfund Revenue	-	-	-	-	-	-
State Sources	11,939,032	274,516	39,791	271,605	-	12,524,944
Federal Sources	49,101	408,449	335,431	-	-	792,981
Surplus Food	-	-	19,584	-	-	19,584
Sales - School Lunch	-	-	51,836	-	-	51,836
Total Revenues	\$ 16,147,743	\$ 682,965	\$ 465,695	\$ 423,655	\$ 10,473	\$ 17,730,531

	General	Special Aid	School Lunch	Capital Projects	Debt Service	Total Governmental Funds
EXPENDITURES						
General Support	\$ 1,534,643	\$ -	\$ 88,333	\$ -	\$ -	\$ 1,622,976
Instruction	7,751,599	669,315	-	-	-	8,420,914
Pupil Transportation	438,780	28,449	-	-	-	467,230
Community Service	-	-	-	-	-	-
Employee Benefits	3,275,112	-	90,477	-	-	3,365,589
Debt Service	-	-	-	-	-	-
Principal	1,786,000	-	-	-	-	1,786,000
Interest	675,476	-	-	-	-	675,476
Cost of Sales	-	-	259,998	-	-	259,998
Other Expenditures	-	-	-	-	-	-
Capital Outlay	-	-	-	441,885	-	441,885
Total Expenditures	15,461,610	697,764	438,808	441,885	-	17,040,068
OTHER SOURCES (USES)						
BANS Redeemed by Appropriation	-	-	-	-	-	-
Proceeds From Debt	-	-	-	180,000	-	180,000
Operating Transfers In	-	28,381	-	90,996	-	119,377
Operating Transfers (Out)	(119,377)	-	-	-	-	(119,377)
Total Other Sources (Uses)	(119,377)	28,381	-	270,996	-	180,000
Excess (Deficiency) Revenues Over Expenditures and Other Sources (Uses)	566,756	13,582	26,887	252,766	10,473	870,464
Other Adjustments to Fund Balances	(97,521)	1	3	(1)	(1)	(97,519)
Fund Balances - Beginning of Year	3,268,641	104	13,709	(234,075)	324,580	3,372,959
Fund Balances - End of Year	\$ 3,737,876	\$ 13,687	\$ 40,599	\$ 18,690	\$ 335,052	\$ 4,145,904

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

CINCINNATUS CENTRAL SCHOOL DISTRICT

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

	Total Governmental Funds	Long-term Revenue, Expenditures	Capital Related Items	Debt Transactions	Statement of Activities Totals
REVENUES					
Real Property Taxes	\$ 3,291,447	\$ -	\$ -	\$ -	\$ 3,291,447
Other Tax Items	579,048	-	-	-	579,048
Charges for Services	26,605	-	-	-	26,605
Use of Money and Property	11,331	-	-	-	11,331
Sale of Property and Compensation for Loss	156,777	-	(67,715)	-	89,062
Miscellaneous	275,978	-	-	-	275,978
Interfund Revenue	-	-	-	-	-
State Sources	12,524,944	-	-	-	12,524,944
Federal Sources	792,981	-	-	-	792,981
Surplus Food	19,584	-	-	-	19,584
Sales - School Lunch	51,836	-	-	-	51,836
Total Revenues	17,730,531	-	(67,715)	-	17,662,816
EXPENDITURES					
General Support	1,622,976	-	20,588	-	1,643,564
Instruction	8,420,914	198,740	551,448	-	9,171,102
Pupil Transportation	467,229	-	168,129	-	635,358
Community Service	-	-	-	-	-
Employee Benefits	3,365,589	106,277	-	-	3,471,866
Debt Service					
Principal	1,786,000	-	-	(1,786,000)	-
Interest	675,476	-	-	(11,504)	663,972
Cost of Sales	259,998	-	30,327	-	290,325
Other Expenditures	-	-	-	-	-
Capital Outlay	441,885	-	(441,885)	-	-
Other Post-employment Benefits	-	2,004,186	-	-	2,004,186
Total Expenditures	17,040,067	2,309,203	328,607	(1,797,504)	17,880,373
Excess (Deficiency) of Revenues Over Expenditures	690,464	(2,309,203)	260,892	1,797,504	(217,557)
OTHER SOURCES (USES)					
BANs Redeemed by Appropriation	-	-	-	-	-
Proceeds From Debt	180,000	-	-	(180,000)	-
Operating Transfers In	119,377	-	-	-	119,377
Operating Transfers (Out)	(119,377)	-	-	-	(119,377)
Total Other Sources (Uses)	180,000	-	-	(180,000)	-
Net Change for the Year	\$ 870,464	\$ (2,309,203)	\$ 260,892	\$ 1,617,504	\$ (217,557)

CINCINNATUS CENTRAL SCHOOL DISTRICT

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

	Private Purpose Trusts	Agency
	<hr/>	<hr/>
ASSETS		
Cash	\$ 19,991	\$ 366,707
Due From Governmental Funds	-	101,750
Accounts Receivable	-	41,192
	<hr/>	<hr/>
Total Assets	<u>\$ 19,991</u>	<u>\$ 509,649</u>
LIABILITIES		
Due to Governmental Funds	\$ -	\$ 401,298
Extraclassroom Activity Balances	-	78,523
Other Liabilities	-	29,828
	<hr/>	<hr/>
Total Liabilities	-	509,649
NET POSITION		
Reserved for Scholarships	<hr/> 19,991	<hr/> -
Total Net Position	<hr/> 19,991	<hr/> -
Total Liabilities and Net Position	<u>\$ 19,991</u>	<u>\$ 509,649</u>

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

	Private Purpose Trusts
	<hr/>
ADDITIONS	
Gifts and Contributions	\$ 450
Investment Earnings	11
	<hr/>
Total Additions	461
DEDUCTIONS	
Scholarships and Awards	<hr/> 2,455
Total Deductions	<hr/> 2,455
Change in Net Position	(1,994)
Net Position - Beginning of Year	<hr/> 21,985
Net Position - End of Year	<u>\$ 19,991</u>

Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

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

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

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

Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District’s business office, located at 2809 Cincinnatus Road, Cincinnatus, NY 13040. The District accounts for assets held as an agent for various student organizations in an agency fund.

USE OF ESTIMATES

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

Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

JOINT VENTURE

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

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

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

During the year ended June 30, 2020, the Cincinnatus Central School District was billed \$3,057,297 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$978,624. At June 30, 2020, the District owed BOCES \$-0-, and had a receivable from BOCES totaling \$733,702.

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

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

RESTRICTED RESOURCES

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

BASIS OF PRESENTATION

a. District-wide Statements:

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

Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

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

b. Funds Statements:

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

The District reports the following major governmental funds:

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

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

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

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

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

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

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

Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

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

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

PROPERTY TAXES

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

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

Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

VESTED EMPLOYEE BENEFITS

Compensated Absences

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

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

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

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

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

Other Benefits

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

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

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

UNEARNED REVENUE

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

Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE

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

CASH AND CASH EQUIVALENTS

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

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

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

CAPITAL ASSETS

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2002. For assets acquired prior to June 30, 2002, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated fixed assets are recorded at their estimated fair market values as of the date received. The District maintains a capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) of one thousand dollars.

All reported capital assets except for land, land improvements and construction in progress are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20-40 years
Furniture and Equipment	3-20 years
Vehicles	5-10 years

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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

INVENTORIES AND PREPAID ITEMS

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

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

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

OTHER ASSETS/RESTRICTED ASSETS

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

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

Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION/FUND BALANCE

District-wide Statements

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

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

Funds Statements

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

- *Non-spendable:* Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$13,960.
- *Restricted:* Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General fund are classified as restricted fund balance. The District has established the following restricted fund balances:

Unemployment Insurance

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

Capital

According to Education Law §3651, all expenditures made from the capital reserve fund must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund.

Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION/FUND BALANCE (Continued)

Employee Benefit Accrued Liability

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

Repairs

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

Tax Certiorari

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

Workers' Compensation

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

Retirement Contributions

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

Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION/FUND BALANCE (Continued)

Debt Service

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

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

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

Order of Use of Fund Balance

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

NEW ACCOUNTING STANDARDS

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

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

Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

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

SHORT-TERM DEBT

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

Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTERFUND TRANSACTIONS

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

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

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

Refer to Note 12 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenue activity.

NOTE 2 – COMMITMENTS AND CONTINGENCIES

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

NOTE 3 – DONOR-RESTRICTED ENDOWMENTS

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

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

NOTE 4 – INVESTMENTS

The District's investment policy for investments are governed by New York statutes. As of June 30, 2020, the District had investments in donated scholarship funds. The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District does not typically purchase investments denominated in foreign currency, and is not exposed to foreign currency risk.

Notes to Financial Statements

June 30, 2020

NOTE 5 – CASH AND CASH EQUIVALENTS – CUSTODIAL CREDIT AND CONCENTRATION OF CREDIT RISK

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

Insured by Federal Deposit Insurance Corporation	\$	334,433
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District’s name.		3,855,863

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$1,987,431 within the governmental funds and \$366,707 in the fiduciary funds.

NOTE 6 – OPERATING LEASES

The District leases a significant amount of equipment under operating leases. Total rental expenses on such leases for the fiscal year ended June 30, 2020, were approximately \$207,278. The minimum future operating lease payments are as follows:

<u>Year</u>	<u>Payment</u>
2021	\$ 112,715
2022	74,313
2023	23,401

Additionally, the District leases land from the local cemetery on an annual basis. Total rental expense was \$2,000.

Notes to Financial Statements

June 30, 2020

NOTE 7 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

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

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

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

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

i) Long-term revenue differences:

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

ii) Capital related differences:

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

iii) Long-term debt transaction differences:

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

iv) Pension differences:

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

v) OPEB differences:

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

Notes to Financial Statements
June 30, 2020

NOTE 8 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Encumbrances

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

Budgets

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

Appropriations are adopted at the program line item level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions if the Board approves them because of a need that exists which was not determined at the time the budget was adopted

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

Fund Balances

The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year. At June 30, 2020, the District's unassigned unrestricted fund balance was \$1,205,957, which is 7.20% of the adopted budget for the 2020-21 school year.

CINCINNATUS CENTRAL SCHOOL DISTRICT

Notes to Financial Statements June 30, 2020

NOTE 9 – LONG-TERM DEBT

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

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Government Activities:					
Bonds and Notes Payable:					
Bus Bonds (3)	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ -
Bus Bonds (4)	145,000	-	45,000	100,000	50,000
Bus Bonds (5)	285,000	-	70,000	215,000	70,000
School District (Serial) 2015	70,000	-	35,000	35,000	35,000
2016A Refunding Bonds	6,470,000	-	1,160,000	5,310,000	1,205,000
2018A Bonds	7,325,000	-	390,000	6,935,000	410,000
Bus Bonds (6)	206,000	-	36,000.000	170,000	40,000
Bus Bonds (7)	<u>-</u>	<u>180,000</u>	<u>-</u>	<u>180,000</u>	<u>30,000</u>
Net Bond and Notes Payable	14,551,000	180,000	1,786,000	12,945,000	1,840,000
Other Liabilities					
Compensated Absences	381,205	219,449	-	600,654	-
Net Pension Liability, Proportionate Share	245,270	592,899	-	838,169	-
Other Post-employment Benefits	<u>22,936,578</u>	<u>7,203,903</u>	<u>582,205</u>	<u>29,558,276</u>	<u>-</u>
Total Long-term Liabilities	<u>\$ 38,114,053</u>	<u>\$ 8,196,251</u>	<u>\$ 2,368,205</u>	<u>\$ 43,942,099</u>	<u>\$ 1,840,000</u>

Interest paid on the serial bond varies from year to year, in accordance with the interest rates specified in the bond agreement.

On May 27, 2016, the District issued \$6,490,000 in general obligation bonds with interest rates ranging from 2% to 5% to advance refund \$6,650,000 of outstanding bonds with variable interest rates. The net proceeds of \$7,257,516 (after payment of \$136,809 in underwriting fees, insurance and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased, and the liability for those bonds has been removed from the District's financial statements.

Deferred credits of \$160,000 are being amortized over the life of the refunded bonds.

CINCINNATUS CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

NOTE 9 – LONG-TERM DEBT (CONTINUED)

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

	<u>Principal</u>	<u>Interest</u>	<u>Deferred Credit</u>	<u>Total</u>
Fiscal Year Ended June 30,				
2021	\$ 1,840,000	\$ 611,258	\$ (7,619)	\$ 2,443,639
2022	1,885,000	525,421	(7,619)	2,402,802
2023	1,935,000	438,084	(7,619)	2,365,465
2024	915,000	353,816	(7,619)	1,261,197
2025	745,000	310,686	(7,619)	1,048,067
2026-2030	3,210,000	1,069,330	(38,095)	4,241,235
2031-2035	2,225,000	251,930	(38,095)	2,438,835
2036-2040	190,000	9,144	(15,239)	183,905
	<u>\$ 12,945,000</u>	<u>\$ 3,569,669</u>	<u>\$ (129,524)</u>	<u>\$ 16,385,145</u>

Existing serial and statutory bond obligations:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance at 6/30/2020</u>
Bus Bonds (3)	8/22/2014	6/15/2020	1.875 - 2%	\$ -
Bus Bonds (4)	8/23/2016	7/15/2021	1.625-2%	100,000
Bus Bonds (5)	7/13/2017	7/15/2022	2 - 2.125%	215,000
School District (Serial) 2015	7/30/2015	6/30/2021	2.375%	35,000
2016A Refunding Bonds	5/27/2016	6/15/2037	2 - 5%	5,310,000
2018A Bonds	6/7/2018	6/15/2033	5%	6,935,000
Bus Bonds (6)	8/15/2018	7/15/2023	1 - 4%	170,000
Bus Bonds (7)	8/15/2019	7/15/2024	.8 - 2.65%	180,000

Interest on long-term indebtedness amounted to \$675,476 for 2019-2020. Total outstanding indebtedness represented approximately 134.80% of its debt limit, exclusive of building aid estimates.

**Notes to Financial Statements
June 30, 2020****NOTE 10 – PENSION PLANS****General Information**

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

Provisions and Administration

A 10-member Board of Trustees of the New York State Teachers' Retirement Board administers TRS. TRS 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 (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. TRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to TRS, 10 Corporate Woods Drive, Albany, New York 12211-2395, or by referring to the TRS Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

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

Funding Policies

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

CINCINNATUS CENTRAL SCHOOL DISTRICT

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

NOTE 10 – PENSION PLANS (CONTINUED)

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

	<u>NYSTRS</u>	<u>NYSERS</u>
2017-2018	\$ 593,536	\$ 142,346
2018-2019	519,502	138,047
2019-2020	558,629	135,457

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

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

	<u>ERS</u> <u>3/31/2020</u>	<u>TRS</u> <u>6/30/2019</u>
Measurement Date		
District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 838,169	\$ (769,934)
District's Portion of the Plan's Total Net Pension (Asset)/Liability	0.0031652%	0.0296360%
Change in Proportion Since the Prior Measurement Date	\$ 592,899	\$ (218,897)

For the year ended June 30, 2020, the District's recognized its proportionate share of pension expense of \$293,517 for ERS and the actuarial value of \$965,656 for TRS. At June 30, 2020, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences Between Expected and Actual Experience	\$ 49,330	\$ -	\$ -	\$ -
Changes of Assumptions	16,877	1,454,508	14,573	354,650
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	429,686	-	-	617,447
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	22,947	643,077	16,133	95,835
District's Contributions Subsequent to the Measurement Date	35,213	435,310	-	-
Total	<u>\$ 554,053</u>	<u>\$ 2,532,895</u>	<u>\$ 30,706</u>	<u>\$ 1,067,932</u>

Notes to Financial Statements

June 30, 2020

NOTE 10 – PENSION PLANS (CONTINUED)

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

	<u>ERS</u>	<u>TRS</u>
Year Ended:	March 31	June 30
2020	\$ -	\$ 361,829
2021	85,144	35,603
2022	125,004	360,567
2023	154,423	251,264
2024	123,563	36,543
2025	-	-
Thereafter	-	(16,152)

Actuarial Assumptions

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

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

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

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

Notes to Financial Statements
June 30, 2020

NOTE 10 – PENSION PLANS (CONTINUED)

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

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

Discount Rate

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

CINCINNATUS CENTRAL SCHOOL DISTRICT

Notes to Financial Statements
June 30, 2020

NOTE 10 – PENSION PLANS (CONTINUED)

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

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

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
<u>ERS</u>			
District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 1,538,277	\$ 838,169	\$ 193,367
	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
<u>TRS</u>			
District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 3,475,400	\$ (769,934)	\$ (4,331,290)

Pension Plan Fiduciary Net Position

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

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

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$35,213. Employee contributions are remitted monthly.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a State aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$472,151.

CINCINNATUS CENTRAL SCHOOL DISTRICT

Notes to Financial Statements
June 30, 2020

NOTE 11 – INTERFUND BALANCES AND ACTIVITY

	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 822,122	\$ 133,821	\$ -	\$ 119,377
Special Aid Fund	-	305,940	28,381	-
School Lunch Fund	28,915	77,861	-	-
Debt Service Fund	1,433	-	-	-
Capital Projects	<u>1,748</u>	<u>37,048</u>	<u>90,996</u>	<u>-</u>
Total Government Activities	854,218	554,670	119,377	119,377
Fiduciary Agency Fund	<u>101,750</u>	<u>401,298</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 955,968</u>	<u>\$ 955,968</u>	<u>\$ 119,377</u>	<u>\$ 119,377</u>

NOTE 12 – CAPITAL ASSETS

Capital asset balances and activities were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Land	\$ 29,000	\$ -	\$ -	\$ 29,000
Construction in Progress	<u>9,653,300</u>	<u>-</u>	<u>-</u>	<u>9,653,300</u>
Total Nondepreciable Cost	9,682,300	-	-	9,682,300
Buildings	26,727,806	65,034	-	26,792,840
Machinery and Equipment	1,183,010	291,264	91,799	1,382,475
Infrastructure	209,061	-	-	209,061
Licensed Vehicles	1,726,311	232,642	220,179	1,738,774
Land Improvements	<u>147,645</u>	<u>-</u>	<u>-</u>	<u>147,645</u>
Total Depreciable Cost	<u>29,993,833</u>	<u>588,940</u>	<u>311,978</u>	<u>30,270,795</u>
Total Capital Asset Cost	39,676,133	588,940	311,978	39,953,095
Less Accumulated Depreciation:				
Buildings	9,915,250	620,450	-	10,535,700
Machinery and Equipment	1,004,478	37,877	42,016	1,000,339
Infrastructure	194,440	1,993	-	196,433
Licensed Vehicles	493,161	171,470	121,746	542,885
Land Improvements	<u>123,553</u>	<u>5,258</u>	<u>-</u>	<u>128,811</u>
Total Accumulated Depreciation	<u>11,730,882</u>	<u>837,048</u>	<u>163,762</u>	<u>12,404,168</u>
Net Capital Asset Cost	<u>\$ 27,945,251</u>	<u>\$ (248,108)</u>	<u>\$ 148,216</u>	<u>\$ 27,548,927</u>

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 80,349
Instruction	554,248
Pupil Transportation	172,124
School Lunch Program	<u>30,327</u>
	<u>\$ 837,048</u>

Notes to Financial Statements
June 30, 2020

NOTE 13 – RISK MANAGEMENT

General

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

Consortiums

Workers' Compensation

The Cincinnati Central School District incurs costs related to a workers' compensation plan (Plan) sponsored by Onondaga Cortland Madison BOCES. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law. The Plan's objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. District's joining the Plan must remain members for a minimum of one year; a member may withdraw from the Plan after that time by submitting a resolution passed by the District's Board of Education prior to May 1, to withdraw by the end of the fiscal year. Plan members include twenty-nine districts and two BOCES. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities.

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

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

During the year ended June 30, 2020, the District incurred premium or contribution expenditures totaling \$129,061.

Health Insurance

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

During the year ended June 30, 2020, the District incurred premium or contribution expenditures totaling \$2,600,539.

Notes to Financial Statements
June 30, 2020

NOTE 14 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information About the OPEB Plan

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

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

Employees Covered by Benefit Terms: At July 1, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	85
Inactive Employees Entitled to but not yet Receiving Benefit Payments	-
Active Employees	113
	198

Total OPEB Liability

The District's total OPEB liability of \$29,558,276 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods including in the measurement, unless otherwise specified:

Inflation	2.6 Percent
Discount Rate	2.21 Percent
Healthcare Cost Trend Rates	6.1 Percent to 4.1 percent over 57 years.
Retirees' Share of Benefit-Related Costs	Varies based upon contribution requirements at date of retirement.

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

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

CINCINNATUS CENTRAL SCHOOL DISTRICT

Notes to Financial Statements
June 30, 2020

NOTE 14 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED)

Changes in the Total OPEB Liability

Balance at June 30, 2019	\$ 22,936,578
Changes for the Year -	
Service Cost	971,774
Interest	826,691
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	5,405,438
Benefit Payments	<u>(582,205)</u>
Net Changes	<u>6,621,698</u>
Balance at June 30, 2020	<u>\$ 29,558,276</u>

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

	<u>1% Decrease (1.21%)</u>	<u>Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Total OPEB Liability	\$ 35,631,180	\$ 29,558,276	\$ 24,809,611

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB Liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (2.1%) or 1 percentage point higher (5.1%) than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Healthcare</u>	<u>1% Increase</u>
	<u>(5.1% Decreasing to 2.1%)</u>	<u>Cost Trend Rates</u>	<u>(7.1% Decreasing to 5.1%)</u>
		<u>(6.1% Decreasing to 4.1%)</u>	
Total OPEB Liability	\$ 24,664,980	\$ 29,558,276	\$ 36,196,242

CINCINNATUS CENTRAL SCHOOL DISTRICT

Notes to Financial Statements
June 30, 2020

NOTE 14 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED)

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$2,004,186. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 44,956	\$ (475,583)
Changes of Assumptions or Other Inputs	4,703,433	(2,687,313)
Contributions Subsequent to the Measurement Date	-	-
	\$ 4,748,389	\$ (3,162,896)

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

<u>Year Ended</u>		<u>Amount</u>
2021	\$	205,721
2022		205,721
2023		205,721
2024		205,721
2025		205,721
Thereafter		556,888

NOTE 15 – SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through October 8, 2020, the date the financials were available to be issued.

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

REQUIRED AND OTHER SUPPLEMENTAL SCHEDULES

CINCINNATUS CENTRAL SCHOOL DISTRICT

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance With Budgetary Actual</u>
REVENUES				
Local Sources				
Real Property Taxes	\$ 3,868,055	\$ 3,868,055	\$ 3,291,447	\$ (576,608)
Other Tax Items	5,000	5,000	579,048	574,048
Charges for Services	44,650	44,650	26,605	(18,045)
Use of Money and Property	7,500	7,500	854	(6,646)
Sale of Property and Compensation for Loss	-	-	4,728	4,728
Miscellaneous	69,000	69,000	256,928	187,928
Interfund Revenues	-	-	-	-
Total Local Sources	<u>3,994,205</u>	<u>3,994,205</u>	<u>4,159,610</u>	<u>165,405</u>
State Sources	12,060,868	12,060,868	11,939,032	(121,836)
Federal Sources	<u>25,000</u>	<u>25,000</u>	<u>49,101</u>	<u>24,101</u>
Total Revenues	16,080,073	16,080,073	16,147,743	67,670
Other Financing Sources				
Transfers From Other Funds	141,627	141,627	-	(141,627)
Premium on Obligations	-	-	-	-
Total Other Financing Sources	<u>141,627</u>	<u>141,627</u>	<u>-</u>	<u>(141,627)</u>
Total Revenues and Other Sources	16,221,700	16,221,700	\$ 16,147,743	\$ (73,957)
Appropriated Fund Balance				
Prior Year Surplus	480,000	480,000		
Prior Year Encumbrances	-	55,469		
Appropriated Reserves	-	-		
Total Appropriated Fund Balance	<u>480,000</u>	<u>535,469</u>		
Total Revenues, Other Sources and Appropriated Fund Balance	<u>\$ 16,701,700</u>	<u>\$ 16,757,169</u>		

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance With Budgetary Actual
EXPENDITURES					
General Support					
Board of Education	\$ 24,120	\$ 24,097	\$ 21,778	\$ -	\$ 2,319
Central Administration	189,037	203,367	195,914	-	7,453
Finance	305,977	313,397	311,266	473	1,658
Staff	100,931	104,516	103,105	-	1,411
Central Services	931,506	956,860	789,966	10,358	156,536
Special Items	109,420	113,214	112,614	-	600
Total General Support	1,660,991	1,715,451	1,534,643	10,831	169,977
Instruction					
Instruction, Administration and Improvements	266,309	266,309	256,036	-	10,273
Teaching - Regular School	3,899,902	3,953,272	3,845,125	14,636	93,511
Programs for Children With Handicapping Conditions	2,369,899	2,262,470	2,065,499	31,024	165,947
Occupational Education	243,684	243,684	243,684	-	-
Teaching - Special School	50,160	50,160	50,144	-	16
Instructional Media	692,600	698,344	682,816	4,792	10,736
Pupil Services	601,370	646,980	608,295	2,445	36,240
Total Instruction	8,123,924	8,121,219	7,751,599	52,897	316,723
Pupil Transportation	549,746	557,479	438,780	761	117,938
Community Services	-	-	-	-	-
Employee Benefits	3,785,563	3,753,143	3,275,112	-	478,031
Debt Service	2,461,476	2,461,477	2,461,476	-	1
Total Expenditures	16,581,700	16,608,769	15,461,610	64,489	1,082,670
OTHER USES					
Interfund Transfer	120,000	148,400	119,377	-	29,023
Total Expenditures and Other Uses	\$ 16,701,700	\$ 16,757,169	\$ 15,580,987	\$ 64,489	\$ 1,111,693
Net Change in Fund Balance			566,756		
Fund Balance - Beginning			3,268,641		
Rounding and other Adjustments			(97,521)		
Fund Balance - Ending			\$ 3,737,876		

Note to Required Supplementary Information:

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

CINCINNATUS CENTRAL SCHOOL DISTRICT

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

Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability			
Service Cost	\$ 971,774	\$ 1,258,241	\$ 1,192,323
Interest	826,691	797,788	752,918
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience in the Measurement of the Total OPEB Liability	-	(626,561)	62,245
Changes in Assumptions or Other Inputs	5,405,438	(3,540,429)	-
Expected Benefit Payments	<u>(582,205)</u>	<u>(570,130)</u>	<u>(585,139)</u>
Net Change in Total OPEB Liability	6,621,698	(2,681,091)	1,422,347
Total OPEB Liability - Beginning	<u>22,936,578</u>	<u>25,617,669</u>	<u>24,195,322</u>
Total OPEB Liability - Ending	<u>\$ 29,558,276</u>	<u>\$ 22,936,578</u>	<u>\$ 25,617,669</u>
Covered Payroll	<u>\$ 4,893,628</u>	<u>\$ 4,893,628</u>	<u>\$ 5,776,033</u>
Total OPEB liability as a Percentage of Covered Payroll	604.02%	468.70%	443.52%

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

CINCINNATUS CENTRAL SCHOOL DISTRICT

**Required Supplementary Information
Schedule of District Contributions**

	NYSLRS Pension Plan									
	Last 10 Fiscal Years									
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contractually required contribution	\$ 156,172	\$ 162,752	\$ 130,315	\$ 142,346	\$ 138,047	\$ 135,457				
Contributions in relation to the contractually required contribution	156,172	162,752	130,315	142,346	138,047	135,457				
Contribution deficiency (excess)	-	-	-	-	-	-				
District's covered-employee payroll	834,396	895,053	994,491	1,003,337	975,467	1,131,991				
Contributions as a percentage of covered-employee payroll	18.72%	18.18%	13.10%	14.19%	14.15%	11.97%				

	NYSTRS Pension Plan									
	Last 10 Fiscal Years									
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contractually required contribution	\$ 784,870	\$ 854,080	\$ 683,706	\$ 593,536	\$ 519,502	\$ 558,629				
Contributions in relation to the contractually required contribution	784,870	854,080	683,706	593,536	519,502	558,629				
Contribution deficiency (excess)	-	-	-	-	-	-				
District's covered-employee payroll	4,484,971	4,670,239	4,855,044	4,777,941	5,077,984	5,029,235				
Contributions as a percentage of covered-employee payroll	17.50%	18.29%	14.08%	12.42%	10.23%	11.11%				

See paragraph on supplementary schedules included in independent auditor's report.

CINCINNATUS CENTRAL SCHOOL DISTRICT

Required Supplementary Information

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

	Last 10 Fiscal Years									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District's proportion of the net pension (asset)/liability	\$ 107,508	\$ 527,215	\$ 292,236	\$ 111,347	\$ 245,270	\$ 838,169				
District's proportionate share of the net pension (asset)/liability	0.0031824%	0.0032848%	0.0031101%	0.0034500%	0.0034617%	0.0031652%				
District's covered-employee payroll	837,177	895,053	994,491	1,003,337	975,467	1,131,991				
District's proportionate share of the net pension (asset)/liability as a percentage of its covered-employee payroll	12.84%	58.90%	29.39%	11.10%	25.14%	74.04%				
Plan fiduciary net position as a percentage of the total pension (asset)/liability	97.95%	90.70%	94.70%	98.24%	96.27%	86.39%				

NYSTRS Pension Plan

	Last 10 Fiscal Years									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District's proportion of the net pension (asset)/liability	\$ (3,530,022)	\$ (3,177,525)	\$ 337,403	\$ (229,971)	\$ (551,037)	\$ (769,934)				
District's proportionate share of the net pension (asset)/liability	-0.03169%	-0.03059%	0.03150%	-0.03026%	-0.03047%	0.02964%				
District's covered-employee payroll	4,544,074	4,670,239	4,855,044	4,777,941	5,077,984	5,029,235				
District's proportionate share of the net pension (asset)/liability as a percentage of its covered-employee payroll	-77.68%	-68.04%	6.95%	-4.81%	-10.85%	-15.31%				
Plan fiduciary net position as a percentage of the total pension (asset)/liability	-111.48%	-110.46%	99.01%	-100.66%	-101.53%	-102.20%				

See paragraph on supplementary schedules included in independent auditor's report.

CINCINNATUS CENTRAL SCHOOL DISTRICT

Supplementary Information
Schedules of Change from Adopted Budget to Final Budget
and Use of Unreserved Fund Balance – General Fund
For the Year Ended June 30, 2020

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$	16,701,700
Add: Prior Year's Encumbrances		55,469
Adjusted Budget		16,757,169
Budget Revision:		-
Final Budget	\$	16,757,169

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-21 Voter-Approved Expenditure Budget	\$	16,753,939
Maximum Allowed (4% of 2020-2021 Budget)		670,158

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

Unrestricted Fund Balance		
Committed Fund Balance	\$	-
Assigned Fund Balance		544,489
Unassigned Fund Balance		1,205,957
Total Unrestricted Fund Balance		1,750,446

Less:

Appropriated Fund Balance		480,000
Insurance Recovery Reserve		-
Tax Reduction Reserve		-
Encumbrances Included in Committed and Assigned Fund Balance		64,489
Total Adjustments		544,489

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$	1,205,957
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Actual Percentage		7.20%
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CINCINNATUS CENTRAL SCHOOL DISTRICT

Supplementary Information

Schedule of Project Expenditures – Capital Projects Fund

For the Year Ended June 30, 2020

Project Title	Expenditures					
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Transfer to General Fund	Total
Buses 2016	\$ 159,000	\$ 159,000	\$ 152,216	\$ -	\$ -	\$ 152,216
New Bus Garage						
Project #5010-002	909,203	1,768,466	1,778,040	-	-	1,778,040
Buses 2017	233,000	233,000	227,383	-	-	227,383
Buses 2018	309,000	309,000	306,286	-	-	306,286
Smart Schools	871,926	871,926	578,541	52,367	-	630,908
Plow Truck	40,000	40,000	39,315	-	-	39,315
Emergency HVAC	91,445	91,760	91,760	-	-	91,760
Lightning Strike	172,169	152,048	31,668	120,380	-	152,048
Capital Outlay 2019	100,000	100,000	100,000	-	-	100,000
Capital Outlay 2020	100,000	90,996	-	90,996	-	90,996
Buses 2019	206,000	206,000	205,535	-	-	205,535
Buses 2020	180,000	180,000	-	178,142	-	178,142
Totals	<u>\$ 3,371,743</u>	<u>\$ 4,202,196</u>	<u>\$ 3,510,744</u>	<u>\$ 441,885</u>	<u>\$ -</u>	<u>\$ 3,952,629</u>

CINCINNATUS CENTRAL SCHOOL DISTRICT

Unexpended Balance	Methods of Financing				Fund Balance (Deficit) June 30, 2020
	Proceeds of Obligations	State Aid	Local Sources	Total	
\$ 6,784	\$ 159,000	\$ -	\$ -	\$ 159,000	\$ 6,784
(9,574)	828,921	-	950,000	1,778,921	881
5,617	233,000	-	-	233,000	5,617
2,714	309,000	-	-	309,000	2,714
241,018	-	567,557	63,351	630,908	-
685	40,000	-	-	40,000	685
-	-	-	91,446	91,446	(314)
-	-	-	-	-	-
-	-	-	100,000	100,000	-
-	-	-	90,995	90,995	-
465	206,000	-	-	206,000	465
1,858	180,000	-	-	180,000	1,858
<u>\$ 249,567</u>	<u>\$ 1,955,921</u>	<u>\$ 567,557</u>	<u>\$ 1,295,792</u>	<u>\$ 3,819,270</u>	<u>\$ 18,690</u>

CINCINNATUS CENTRAL SCHOOL DISTRICT

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

Capital Assets, Net	\$ 27,548,927
Deduct:	
Short-term Portion of Bonds Payable	1,840,000
Long-term Portion of Bonds Payable	<u>11,105,000</u>
Total Bonds Payable	12,945,000
Bond Anticipation Note	<u>-</u>
Total Bond Anticipation Notes	<u>-</u>
Net Investment in Capital Assets	<u>\$ 14,603,927</u>

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

To the Board of Education of
Cincinnatus Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cincinnatus Central School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Cincinnatus Central School District's basic financial statements, and have issued our report thereon dated October 8, 2020.

Internal Control Over Financial Reporting

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

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

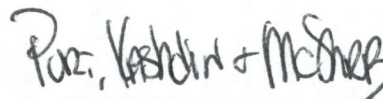
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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


Certified Public Accountants

Cortland, New York
October 8, 2020

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

To the Board of Education of
Cincinnati Central School District

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

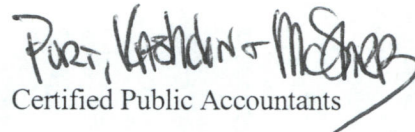
Report on Internal Control Over Compliance

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

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

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

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


Certified Public Accountants

Cortland, New York
October 8, 2020

CINCINNATUS CENTRAL SCHOOL DISTRICT

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

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF EDUCATION			
Pass-thru New York State Department of Education:			
Special Education Cluster:			
IDEA, Part B PL-142	84.027	0032-20-0986	\$ 146,531
Special Education Preschool Grants PL99-457	84.173	0033-20-0986	<u>3,702</u>
Total Special Education Cluster			\$ 150,233
ESEA, Chapter I	84.010	0021-20-3385	211,343
Improving Teacher Quality State Grants	84.367	0147-20-3385	23,793
Rural Education Achievement	84.395	0006-20-3385	8,434
Student Support and Academic Enrichment	84.424	0204-20-0565	<u>14,647</u>
TOTAL DEPARTMENT OF EDUCATION			408,450
 DEPARTMENT OF AGRICULTURE			
*National School Lunch Program	10.555		221,122
*National School Breakfast Program	10.553		114,309
*Government Surplus Program	10.550		<u>19,584</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>355,015</u>
 TOTAL FEDERAL EXPENDITURES			 \$ <u>763,465</u>

* Denotes major program.

CINCINNATUS CENTRAL SCHOOL DISTRICT

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Indirect costs may be included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The District's policy is not to charge federal award programs with indirect costs, or to charge indirect costs to certain federal award programs, based upon a rate established by New York State, and the District has elected not to use the 10% de minimis indirect rate allowed under the Uniform Guidance applied to overall expenditures.

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

NOTE 2 – NON-MONETARY FEDERAL PROGRAM

The Cincinnati Central School District is the recipient of a federal financial assistance program that does not result in cash receipts or disbursements, termed a "non-monetary program." During the year ended June 30, 2020, the Cincinnati Central School District received \$19,584 worth of surplus food.

CINCINNATUS CENTRAL SCHOOL DISTRICT

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

SUMMARY OF AUDITOR'S RESULTS

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

<u>CFDA #</u>	<u>Project Title</u>
10.550	Government Surplus Program
10.553	National School Breakfast Program
10.555	National School Lunch Program

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