

***CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT***

***AUDIT REPORTING PACKAGE***

***FOR THE FISCAL YEAR ENDED JUNE 30, 2021***

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**2021 REPORTING PACKAGE**

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***CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT***

***FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION***

***FOR THE FISCAL YEAR ENDED JUNE 30, 2021***

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



**BUFFAMANTE WHIPPLE BUTTAFARO, P.C.**  
 Certified Public Accountants • Business Advisors

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT**

**2021 FINANCIAL STATEMENTS**

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**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities and each major fund of *Cuba-Rushford Central School District* as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the *Cuba-Rushford Central School District's* basic financial statements as listed in the accompanying 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and aggregate remaining fund information of *Cuba-Rushford Central School District* as of June 30, 2021, 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.

***Change in Accounting Principle***

*Cuba-Rushford Central School District* has adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities (GASB 84). As a result of the implementation of GASB 84, the District reported a restatement of the governmental activities and governmental funds beginning fund balance for the change in accounting principle, as described in Note 1 and 6 to the financial statements. Our opinion is not modified with respect to the restatement.

## **Report on Summarized Comparative Information**

We have previously audited the **Cuba-Rushford Central School District's** June 30, 2020 financial statements, and our report dated October 14, 2020, expressed unmodified opinions on the respective financial statements of the governmental activities each major fund and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (page 3 through 9), budgetary comparison information (page 34 through 35), schedule of changes in District's net OPEB liability and related ratios (page 41), schedule of District contributions – OPEB (page 42), schedule of the District's contributions for defined benefit pension plans (page 43) and the schedule of the District's proportionate share of the net pension asset/liability (page 44) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Cuba-Rushford Central School District's** basic financial statements. The combining and individual fund financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 of Federal Awards*, and is also not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2021 on our consideration of **Cuba-Rushford Central School District's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Cuba-Rushford Central School District's** internal control over financial reporting and compliance.

*Buffamante Whipple Buttafaro PC*

**BUFFAMANTE WHIPPLE BUTTAFARO, P.C.**  
Olean, New York  
September 28, 2021

**I. Discussion and Analysis**

The following is a discussion and analysis of the **Cuba-Rushford Central School District's** financial performance for the year ended June 30, 2021. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which follows this section.

**II. Financial Highlights**

The following items are the financial highlights experienced by the **Cuba-Rushford Central School District** during the fiscal year ended June 30, 2021:

- Overall net position from operations of the District increased during the current year in the amount of \$1,168,000 as compared to an increase of \$1,372,000 during the prior fiscal year.
- The District's total revenue increased 0% from \$22,749,000 for the year ended June 30, 2020 to \$22,755,000 for the year ended June 30, 2021. The District had new Federal CARES funding during the current year, which was offset by a decrease in State aid and BOCES aid.
- The District's total expenses increased approximately 1% from \$21,377,000 during the year ended June 30, 2020 to \$21,587,000 during the year ended June 30, 2021. This increase was primarily the result of an increase in maintenance and transportation costs which were partially offset by a decrease in pension costs related to actuarial updates and interest expenses on debt.
- The District's had capital outlays during the current year in the amount of approximately \$3,544,000, which was primarily related to the costs associated with the District's capital project, Smart Bond Act project and capital lease.

**III. Overview of the Financial Statements**

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

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

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

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

**1. Statement of Net Position**

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

**2. Statement of Activities**

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

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

The two district-wide statements report the School District's net position and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

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

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the District's operations, and the existence of legal budget requirements. Internal Service funds are never reported as major funds, but are combined and presented in a separate column.

The District has two kinds of funds:

**1. Governmental Funds**

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

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

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

**1. Governmental Funds (continued)**

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

**2. Fiduciary Funds**

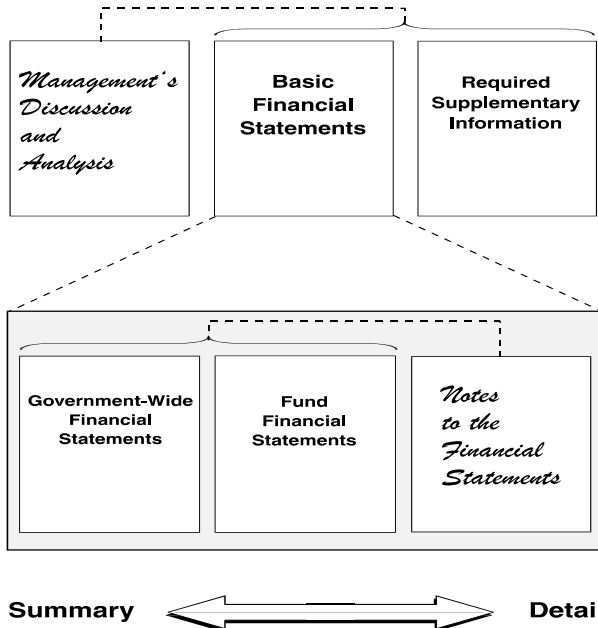
As discussed in Note 1, the District implemented GASB 84, fiduciary activities and as a result do not have activities that qualify for reporting as a fiduciary under this new standard.

**Figure A-1 - Major Features of the District-Wide Statements 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	Funds used to account for resources held for the benefit of parties outside the District
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, all assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid



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



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

Changes in Net Position (continued)

The total cost of all programs and services of the District increased 1% to \$21,587,000. The District's expenses cover a range of services, with 70% related to instruction and 19% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

Governmental Activities

Revenue of the District's governmental activities increased 0% while total expenses increased 1%. The District's total net position increased from operations approximately \$1,168,000 during the fiscal year ended June 30, 2021.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled \$22,755,000 for the fiscal year ended June 30, 2021. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 27% of the District's total revenue for governmental activities increased approximately 0% during the year ended June 30, 2021.
- The District's most significant revenue is state sources which represent \$13,982,000 or 62% of total governmental revenue. The District's state sources decreased 2%, primarily related to a decrease in State aid and BOCES aid.
- During the year ended June 30, 2021, the District saw a decrease in program revenue in the amount of \$47,000. This decrease was primarily related to a operating grants and contributions decreased approximately \$52,000 as compared with the prior year revenue, while charges for services increased \$5,000. The decrease in operating grants and contributions was related to a decrease in Title IIA revenue during the current year.

**IV. Financial Analysis of the School District as a Whole**

Net Position

The District's total reporting entity net position was approximately \$26,243,000. The components of net position include: net investment in capital assets, of \$16,926,000; restricted net position of \$7,202,000; and unrestricted net position of \$2,115,000 as of June 30, 2021.

Changes in Net Position

The District's total government-wide revenue increased by 0% to \$22,755,000. Approximately 27%, 6% and 62% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 5% comes from federal aid, use of money and property, miscellaneous, charges for services and other operating grants and contributions.

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

Expenses

Figure A-8 presents the cost of each of the District's five largest expenditure-type, which include; general support, instruction, transportation, debt service and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were \$21,587,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support increased by approximately \$287,000 or 7% as a result of an increase in maintenance costs.
- The District's instruction costs decreased by approximately \$140,000 or 1%, which was primarily the result of a decrease in pension expense due to actuarial updates.
- Debt service of the District decreased approximately \$104,000 during the year ended June 30, 2021, which resulted from a decrease in interest expense.
- Transportation costs of the District increased 12% or \$169,000 during the year ended June 30, 2021 primarily related to an increase in salaries and BOCES expenses which were partially offset by a decrease in contractual expenses.
- The District's cost of sales (food service fund) totaled \$496,000 during the current year as compared to \$498,000 during the fiscal year ended June 30, 2020.
- The District received approximately \$1,335,000 of operating grants and charges for services from its state and federal grants and tuition and transportation aid which subsidized certain programs of the District.
- Most of the District's net costs (\$20.3 million) were financed by real property taxes and state aid.

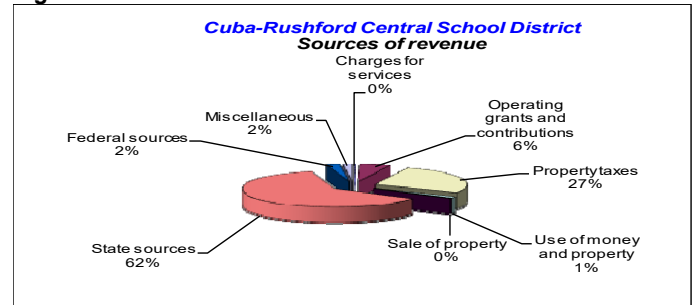
**Figure A-3 – Condensed Statement of Net Position**

<i>Cuba-Rushford Central School District Condensed Statement of Net Position (in thousands of dollars)</i>			
	Governmental Activities and Total District-wide		
	2021	2020	% Change
<b>Assets</b>			
Current and other assets	\$ 15,084	\$ 18,062	-16%
Capital assets	33,572	31,107	8%
Total assets	48,656	49,169	-1%
<b>Deferred Outflows of Resources</b>			
Deferred outflows - pensions and OPEB	6,033	4,908	23%
Deferred outflows of resources and assets	\$ 54,689	\$ 54,077	1%
<b>Liabilities</b>			
Other liabilities	\$ 13,434	\$ 14,732	-9%
Long-term liabilities	11,548	12,033	-4%
Total liabilities	24,982	26,765	-7%
<b>Deferred Inflows of Resources</b>			
Deferred inflows - pensions and OPEB	3,464	2,308	50%
Deferred inflows of resources and liabilities	28,446	29,073	-2%
<b>Net Position</b>			
Net investment in capital assets	16,926	16,523	2%
Restricted	7,202	6,419	12%
Unrestricted	2,115	2,062	3%
Total net position	26,243	25,004	5%
Total liabilities, deferred inflows of resources and net position	\$ 54,689	\$ 54,077	1%

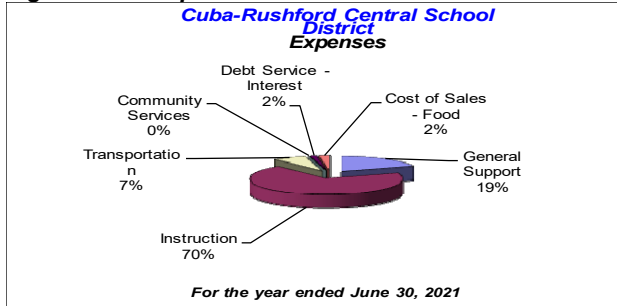
**Figure A-4 – Changes in Net Position**

<i>Cuba-Rushford Central School District Changes in Net Position from Operating Results (in thousands of Dollars)</i>			
	Governmental Activities and Total District-wide		
	2021	2020	% Change
<b>Revenue</b>			
Program revenue			
Charges for services	\$ 72	\$ 67	7%
Operating grants and contributions	1,263	1,315	-4%
General revenue			
Real property taxes	6,150	6,144	0%
Use of money & property	286	345	-17%
Sale of property & comp for loss	88	14	530%
State sources	13,982	14,218	-2%
Federal sources	535	148	261%
Miscellaneous	379	498	-24%
Total revenue	22,755	22,749	0%
<b>Expenses</b>			
General support	4,167	3,880	7%
Instruction	15,089	15,229	-1%
Transportation	1,534	1,365	12%
Debt service - interest	301	405	-26%
Cost of sales	496	498	0%
Total expenses	21,587	21,377	1%
<b>Change in net position</b>	\$ 1,168	\$ 1,372	

**Figure A-5 – Sources of Revenue**



**Figure A-6 – Expenses**



**Figure A-7 – Expenditures Supported with Program Revenue**

	Governmental Activities & Total District			
	2021		2020	
Expenditures supported with general revenue (from taxes & other sources)	\$20,252	94%	\$ 19,995	94%
Expenditures supported with program revenue	1,335	6%	1,382	6%
<b>Total expenditures related to governmental activities</b>	<b>\$21,587</b>	<b>100%</b>	<b>\$ 21,377</b>	<b>100%</b>

**Figure A-8 – Net Cost of Governmental Activities**

	Total cost of services			Net cost of services		
	2021	2020	Change	2021	2020	Change
General support	\$ 4,167	\$ 3,880	\$ 287	\$ 4,167	\$ 3,880	\$ 287
Instruction	15,089	15,229	(140)	14,269	14,306	(37)
Transportation	1,534	1,365	169	1,534	1,365	169
Debt service - interest	301	405	(104)	301	405	(104)
Cost of sales - food	496	498	(2)	(19)	39	(58)
<b>Total</b>	<b>\$21,587</b>	<b>\$21,377</b>	<b>\$ 211</b>	<b>\$20,252</b>	<b>\$19,995</b>	<b>\$ 257</b>

**V. Financial Analysis of the School District's Funds**

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

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

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

General Fund

- The District's general fund revenue and other sources exceeded its expenditures and other uses by approximately \$1,351,000.
- The District's general fund unassigned fund balance equated to approximately \$4,547,000 as of June 30, 2021.
- The District maintained many fund balance reserves during the year ended June 30, 2021, and had a total restricted fund balance of approximately \$4,237,000.
- The District's total assets increased approximately \$771,000 as of June 30, 2021 primarily due to an increase State and Federal receivable and due from other funds. The District's liabilities decreased approximately \$579,000, related to a decrease due to other funds.
- Total revenue in the District's general fund decreased \$284,000, which was primarily related to a decrease in State sources and interfund transfers from the debt service fund which was partially offset by new Federal CARES funding received during the current year. Total expenditures in the District's general fund decreased \$101,000 as a result of a decrease in debt service costs.

Food Service Fund

- The District's food service fund experienced a \$19,000 increase in fund equity during the current fiscal year.
- Revenue in the District's food service fund was \$515,000 during 2021 as compared with \$509,000 in 2020. Expenditures decreased approximately \$2,000.

Special Aid Fund

- The District's special aid fund revenue and expenditures decreased approximately \$101,000 primarily related to a decrease in Title IIA funding and summer school program.

Capital Projects Fund

- The District had expenditures of approximately \$3,199,000 in capital projects during the year ended June 30, 2021, which was primarily related to costs associated with the District's capital projects, capital lease and Smart Bonds Act project.

**VI. General Fund Budgetary Highlight**

Over the course of the year, the District makes many budget transfers. Actual expenditures were approximately \$2,916,000 below the revised budget. The most significant positive variances were in the area of general support, employee benefits, instruction and debt service which totaled \$228,000, \$441,000 and \$1,635,000 and \$519,000, respectively, below that budgeted. On the other hand, resources available for appropriations were approximately \$151,000 above the final budgeted amount. Significant variance of revenue items consisted of Federal sources which were \$344,000, above that budgeted and State sources which were \$338,000 below the budgeted amount.

**Figure A-9 – Budget vs. Actual Comparison**

<i>Cuba-Rushford Central School District</i>				
<i>General Fund - Budget vs Actual Comparison (in thousands of dollars)</i>				
	Revised Budget	Actual	Difference	%
<b>Revenue</b>				
Local sources	\$ 6,711	\$ 6,754	\$ 43	1%
State sources	14,320	13,982	(338)	-2%
Federal sources	190	534	344	181%
Other sources	-	102	102	n/a
<b>Total revenue</b>	<b>\$ 21,221</b>	<b>\$ 21,372</b>	<b>\$ 151</b>	<b>1%</b>
<b>Expenditures</b>				
General support	\$ 3,657	\$ 3,429	\$ 228	6%
Instruction	11,588	9,953	1,635	14%
Transportation	1,247	1,154	93	7%
Employee benefits	4,250	3,809	441	10%
Debt service	1,415	896	519	37%
Operating transfers	781	781	-	0%
<b>Total expenditures</b>	<b>\$ 22,938</b>	<b>\$ 20,022</b>	<b>\$ 2,916</b>	<b>13%</b>

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

Long-term Debt

As depicted in Figure A-11, as of June 30, 2021, the District had approximately \$11,548,000 in bonds, capital lease, net pension liabilities, retirement incentive, compensated absences and other post-employment benefits, a decrease of approximately 4% as compared with the previous year. The change in bonds payable was a result of the District making regularly scheduled principal payments on existing bonds. The decrease in compensated absences resulted from a decrease in accumulated sick days. Other post-employment benefit liability increased during the current year, while the pension liability related to ERS decreased as a result of actuarial updates. Lastly, in the current year, the District reported a net pension liability for TRS, whereas in the prior year TRS was a net pension asset.

**Figure A-10 – Capital Assets**

<i>Cuba-Rushford Central School District</i>			
<i>Capital Assets (net of depreciation)</i>			
	Governmental Activities & Total District-wide		
	2021	2020	Change
Land	\$ 132,268	\$ 132,268	0%
Buildings	33,654,204	33,634,426	0%
Construction in progress	14,822,557	11,623,444	28%
Equipment	6,890,870	6,490,064	6%
Accumulated depreciation	(21,927,907)	(20,773,635)	6%
<b>Total Capital Assets, net</b>	<b>\$ 33,571,992</b>	<b>\$ 31,106,567</b>	<b>8%</b>

**VII. Capital Assets and Debt Administration**

Capital Assets

As depicted in Figure A-10, as of June 30, 2021, the District had invested approximately \$33,572,000 in a broad range of capital assets, including reconstruction projects and other equipment. Capital additions made during the year ended June 30, 2021, totaled approximately \$3,544,000 and consisted primarily of costs associated with the District's capital projects, Smart Bond Act project and capital lease. More detailed information about the District's capital assets is presented in the notes of the financial statements.

**Figure A-11 – Outstanding Long-term Debt**

<i>Cuba-Rushford Central School District</i>			
<i>Outstanding Long-Term Debt and Liabilities</i>			
	Governmental Activities & Total District-wide		
	2021	2020	Change
Bonds payable	\$ 4,624,421	\$ 5,018,491	-8%
Net pension liabilities	1,054,589	1,565,716	-33%
Capital lease	106,285	-	n/a
Retirees' health insurance	64,638	139,914	-54%
Other post-employment benefits	5,128,723	4,711,305	9%
Compensated absences	568,858	597,196	-5%
<b>Total Long-Term Debt</b>	<b>\$ 11,547,514</b>	<b>\$ 12,032,622</b>	<b>-4%</b>

**VIII. Factors Bearing on the District's Future**

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

- The District is uncertain as to the ongoing impact in the upcoming years as a result of the Covid-19 Pandemic.

**IX. Contacting the District's Financial Management**

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

Cuba-Rushford Central School District  
Attention: Ms. Amanda Sears  
Business Manager  
5476 Route 305  
Cuba, New York 14727

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2021**

**Schedule 1**

**Page 10**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash		
Unrestricted	\$ 4,632,887	\$ 5,153,641
Restricted	7,202,304	6,419,321
Receivables		
State and federal aid	1,413,966	923,487
Other receivables	28,732	9,169
Due from other governments	1,795,204	1,863,473
Due from other fiduciary funds	-	48,217
Inventories	11,287	19,532
Net pension asset - NYS Teachers' Retirement System	-	985,896
Cash to be used towards capital projects	-	2,640,026
Capital assets, net	33,571,992	31,106,567
Total assets	<u>48,656,372</u>	<u>49,169,329</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows related to pensions	5,009,849	4,216,535
Deferred outflows related to OPEB	1,022,734	691,560
Total assets and deferred outflows of resources	<u>\$ 54,688,955</u>	<u>\$ 54,077,424</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 603,546	\$ 1,746,272
Accrued liabilities	142,580	183,714
Accrued interest	7,000	7,000
Due to other governments	128	52
Due to retirement systems	760,098	698,190
Unearned revenue	6,066	4,531
Bond anticipation notes payable	11,915,000	12,092,280
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	400,000	390,000
Capital leases	24,806	-
Portion due or payable after one year		
Bonds payable	4,224,421	4,628,491
Capital leases	81,479	-
Retirees' health insurance payable	64,638	139,914
Net pension liability - NYS Employees' Retirement System	6,357	1,565,716
Net pension liability - NYS Teachers' Retirement System	1,048,232	-
Other post-employment benefits	5,128,723	4,711,305
Compensated absences	568,858	597,196
Total liabilities	<u>24,981,932</u>	<u>26,764,661</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows related to pensions	2,389,661	1,366,365
Deferred inflows related to OPEB	1,074,003	941,683
Total liabilities and deferred inflows of resources	<u>28,445,596</u>	<u>29,072,709</u>
<b>Net Position</b>		
Net investment in capital assets	16,926,286	16,523,443
Restricted	7,202,304	6,419,321
Unrestricted	2,114,769	2,061,951
Total net position	<u>26,243,359</u>	<u>25,004,715</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 54,688,955</u>	<u>\$ 54,077,424</u>

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

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Schedule 2**

**Page 11**

	Expenses	Indirect Expenses Allocation	<u>Program Revenues</u>		2021 Net (Expense) Revenue and Changes in Net Position	2020 Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants		
<b>Functions/Programs</b>						
General support	\$ 3,964,914	\$ 202,145	\$ -	\$ -	\$ (4,167,059)	\$ (3,880,280)
Instruction	14,440,793	648,439	59,166	760,214	(14,269,852)	(14,306,125)
Pupil transportation	1,229,772	303,688	-	-	(1,533,460)	(1,364,827)
Debt service	301,147	-	-	-	(301,147)	(404,539)
Food service program	495,837	-	12,680	502,585	19,428	(39,265)
Depreciation	1,154,272	(1,154,272)	-	-	-	-
Total functions and programs	<u>\$ 21,586,735</u>	<u>\$ -</u>	<u>\$ 71,846</u>	<u>\$ 1,262,799</u>	<u>(20,252,090)</u>	<u>(19,995,036)</u>
<b>General Revenues</b>						
Real property taxes					6,150,007	6,143,505
Use of money and property					286,231	344,809
Sale of property and compensation for gain (loss)					88,237	13,847
Miscellaneous					378,703	498,235
State sources					13,982,283	14,218,461
Federal sources					534,445	148,370
Total general revenues					<u>21,419,906</u>	<u>21,367,227</u>
<b>Change in net position</b>					1,167,816	1,372,191
Net position - beginning of year					25,004,715	23,632,524
Prior period adjustment					70,828	-
<b>Net position - end of year</b>					<u>\$ 26,243,359</u>	<u>\$ 25,004,715</u>

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT**  
**COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS**  
**AS OF JUNE 30, 2021**

**Schedule 3**

**Page 12**

	Governmental Funds						2021	2020
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	(Memo only) Total	(Memo only) Total
<b>Assets</b>								
Unrestricted cash	\$ 4,695,195	\$ 8,971	\$ 120,239	\$ -	\$ -	\$ 43,892	\$ 4,868,297	\$ 5,229,619
Restricted cash	4,237,237	-	-	264,936	2,447,083	17,638	6,966,894	8,983,369
Due from other funds	751,656	121,580	-	82,997	-	-	956,233	1,988,516
State and federal aid receivable	962,472	360,486	91,008	-	-	-	1,413,966	923,487
Other receivables	28,732	-	-	-	-	-	28,732	9,169
Due from other governments	1,795,204	-	-	-	-	-	1,795,204	1,863,473
Inventories	-	-	11,287	-	-	-	11,287	19,532
Total assets	<u>\$12,470,496</u>	<u>\$491,037</u>	<u>\$222,534</u>	<u>\$ 347,933</u>	<u>\$ 2,447,083</u>	<u>\$ 61,530</u>	<u>\$16,040,613</u>	<u>\$19,017,165</u>
<b>Liabilities and Fund Equity</b>								
<b>Liabilities</b>								
Accounts payable	\$ 580,144	\$ 3,330	\$ 12,410	\$ -	\$ 7,662	\$ -	\$ 603,546	\$ 1,746,272
Accrued liabilities	139,329	354	2,897	-	-	-	142,580	183,714
Bond anticipation notes payable	-	-	-	-	11,915,000	-	11,915,000	12,092,280
Due to other funds	-	483,098	91,744	-	381,391	-	956,233	1,940,299
Unearned revenue	-	4,255	1,811	-	-	-	6,066	4,531
Due to other governments	-	-	128	-	-	-	128	52
Due to Teachers' Retirement System	681,543	-	-	-	-	-	681,543	628,755
Due to Employees' Retirement System	50,815	-	27,740	-	-	-	78,555	69,435
Total liabilities	<u>1,451,831</u>	<u>491,037</u>	<u>136,730</u>	<u>-</u>	<u>12,304,053</u>	<u>-</u>	<u>14,383,651</u>	<u>16,665,338</u>
<b>Fund Equity</b>								
Nonspendable	-	-	11,287	-	-	-	11,287	19,532
Restricted	4,237,237	-	-	347,933	2,599,496	17,638	7,202,304	6,419,321
Committed	-	-	-	-	-	43,892	43,892	-
Assigned	2,233,953	-	74,517	-	-	-	2,308,470	1,543,167
Unassigned (deficit)	4,547,475	-	-	-	(12,456,466)	-	(7,908,991)	(5,630,193)
Total fund equity (deficit)	<u>11,018,665</u>	<u>-</u>	<u>85,804</u>	<u>347,933</u>	<u>(9,856,970)</u>	<u>61,530</u>	<u>1,656,962</u>	<u>2,351,827</u>
Total liabilities and fund equity	<u>\$12,470,496</u>	<u>\$491,037</u>	<u>\$222,534</u>	<u>\$ 347,933</u>	<u>\$ 2,447,083</u>	<u>\$ 61,530</u>	<u>\$16,040,613</u>	<u>\$19,017,165</u>



**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT**  
**COMBINED STATEMENT OF REVENUE, EXPENDITURES AND**  
**CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Schedule 4**

**Page 13**

	Governmental Funds						2021	2020
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	(Memo only) Total	(Memo only) Total
<b>Revenue</b>								
Real property taxes	\$ 6,150,007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,150,007	\$ 6,143,505
Charges for services	59,166	-	-	-	-	-	59,166	30,525
Use of money and property	277,725	-	48	1,320	7,149	37	286,279	344,809
Sale of property compensation for loss	12,467	-	-	-	-	-	12,467	13,847
Miscellaneous	254,791	-	-	93,414	-	30,498	378,703	498,235
State sources	13,982,283	171,942	16,461	-	-	-	14,170,686	14,427,813
Federal sources	534,445	620,370	452,441	-	-	-	1,607,256	1,220,058
Surplus food	-	-	33,683	-	-	-	33,683	34,224
Sales (school food service)	-	-	12,632	-	-	-	12,632	36,167
<b>Total revenue</b>	<b>21,270,884</b>	<b>792,312</b>	<b>515,265</b>	<b>94,734</b>	<b>7,149</b>	<b>30,535</b>	<b>22,710,879</b>	<b>22,749,183</b>
<b>Expenditures</b>								
General support	3,429,352	-	214,191	-	-	-	3,643,543	3,358,823
Instruction	9,952,649	775,202	-	-	-	-	10,727,851	10,596,740
Pupil transportation	1,154,565	-	-	-	-	-	1,154,565	1,093,381
Employee benefits	3,808,991	32,098	102,487	-	-	-	3,943,576	3,979,906
Debt service								
Principal	590,995	-	-	-	-	-	590,995	1,560,720
Interest	305,217	-	-	-	-	-	305,217	416,000
Capital outlay	-	-	-	-	3,199,113	-	3,199,113	10,139,686
Cost of sales	-	-	154,901	-	-	-	154,901	190,414
Other expenses	-	-	24,258	-	-	39,833	64,091	17,765
<b>Total expenditures</b>	<b>19,241,769</b>	<b>807,300</b>	<b>495,837</b>	<b>-</b>	<b>3,199,113</b>	<b>39,833</b>	<b>23,783,852</b>	<b>31,353,435</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>2,029,115</b>	<b>(14,988)</b>	<b>19,428</b>	<b>94,734</b>	<b>(3,191,964)</b>	<b>(9,298)</b>	<b>(1,072,973)</b>	<b>(8,604,252)</b>
<b>Other sources and uses</b>								
Proceeds from capital lease	-	-	-	-	130,000	-	130,000	-
BANS redeemed from appropriations	-	-	-	-	177,280	-	177,280	825,720
Operating transfers in	102,058	14,988	-	-	750,000	-	867,046	819,956
Operating transfers out	(780,508)	-	-	(86,538)	-	-	(867,046)	(819,956)
<b>Total other sources (uses)</b>	<b>(678,450)</b>	<b>14,988</b>	<b>-</b>	<b>(86,538)</b>	<b>1,057,280</b>	<b>-</b>	<b>307,280</b>	<b>825,720</b>
<b>Excess (deficiency) of revenue and other sources over expenditures and other uses</b>	<b>1,350,665</b>	<b>-</b>	<b>19,428</b>	<b>8,196</b>	<b>(2,134,684)</b>	<b>(9,298)</b>	<b>(765,693)</b>	<b>(7,778,532)</b>
Fund equity, beginning of year	9,668,000	-	66,376	339,737	(7,722,286)	-	2,351,827	10,130,359
Prior period adjustment	-	-	-	-	-	70,828	70,828	-
<b>Fund equity (deficit), end of year</b>	<b>\$ 11,018,665</b>	<b>\$ -</b>	<b>\$ 85,804</b>	<b>\$ 347,933</b>	<b>\$ (9,856,970)</b>	<b>\$ 61,530</b>	<b>\$ 1,656,962</b>	<b>\$ 2,351,827</b>

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2021**

**Total fund balances - governmental funds** \$ 1,656,962

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

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

Cost of the assets	\$55,499,899	
Accumulated depreciation	<u>(21,927,907)</u>	33,571,992

Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due. (7,000)

Deferred inflows/outflows of resources related to actuarial pension differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds pension expense is based on required contributions. 2,620,188

Deferred inflows/outflows of resources related to actuarial OPEB differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds OPEB expense is based on required contributions. (51,269)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:

Bonds payable	(4,624,421)	
Capital Leases	(106,285)	
Net pension liability - ERS	(6,357)	
Retirees' health insurance payable	(64,638)	
Net pension liability - TRS	(1,048,232)	
Other post-employment benefits	(5,128,723)	
Compensated absences	<u>(568,858)</u>	<u>(11,547,514)</u>

**Total net position - governmental activities** \$26,243,359

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
<b>Assets</b>					
Cash	\$ 11,835,191	\$ -	\$ -	\$ -	\$11,835,191
Due from other funds	956,233	-	-	(956,233)	-
State and federal aid receivable	1,413,966	-	-	-	1,413,966
Other receivables	28,732	-	-	-	28,732
Due from other governments	1,795,204	-	-	-	1,795,204
Inventories	11,287	-	-	-	11,287
Capital assets, net	-	33,571,992	-	-	33,571,992
Total assets	16,040,613	33,571,992	-	(956,233)	48,656,372
<b>Deferred Outflows of Resources</b>					
Deferred outflows related to pensions	-	5,009,849	-	-	5,009,849
Deferred outflows related to OPEB	-	1,022,734	-	-	1,022,734
Total assets and deferred outflows of resources	\$ 16,040,613	\$ 39,604,575	\$ -	\$ (956,233)	\$54,688,955
<b>Liabilities, Deferred Inflows of Resources and Fund Equity/Net Position</b>					
<b>Liabilities</b>					
Accounts payable	\$ 603,546	\$ -	\$ -	\$ -	\$ 603,546
Accrued liabilities	142,580	-	-	-	142,580
Accrued interest	-	-	7,000	-	7,000
Due to other funds	956,233	-	-	(956,233)	-
Unearned revenue	6,066	-	-	-	6,066
Due to other governments	128	-	-	-	128
Due to retirement systems	760,098	-	-	-	760,098
Bond anticipation notes payable	11,915,000	-	-	-	11,915,000
Bonds payable	-	-	4,624,421	-	4,624,421
Net pension liabilities	-	-	1,054,589	-	1,054,589
Capital lease	-	-	106,285	-	106,285
Retirees' health insurance payable	-	-	64,638	-	64,638
Other post-employment benefits	-	-	5,128,723	-	5,128,723
Compensated absences	-	-	568,858	-	568,858
Total liabilities	14,383,651	-	11,554,514	(956,233)	24,981,932
<b>Deferred Inflows of Resources</b>					
Deferred inflows related to pensions	-	-	2,389,661	-	2,389,661
Deferred inflows related to OPEB	-	-	1,074,003	-	1,074,003
Total liabilities and deferred inflows of resources	14,383,651	-	15,018,178	(956,233)	28,445,596
<b>Fund equity and net position</b>					
Total liabilities, deferred inflows of resources and fund equity/net position	1,656,962	39,604,575	(15,018,178)	-	26,243,359
	\$ 16,040,613	\$ 39,604,575	\$ -	\$ (956,233)	\$54,688,955

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<b>Total net change in fund balances - governmental funds</b>	<b>\$ (765,693)</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Activity for the current fiscal year ended was as follows:	
Capital outlays	\$ 3,543,927
Depreciation expense	<u>(1,154,272)</u> 2,389,655
Proceeds from the sale of assets are reported as revenue in the governmental funds, whereas in the statement of activities a gain or loss on sale is reported.	75,770
Repayment of bond principal (including refundings), capital lease principal and bond anticipation notes principal is an expenditure the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	590,995
Bond anticipation notes redeemed from appropriations is recorded as other sources in the governmental funds, whereas the repayment reduces short-term liabilities in the statement of net position.	(177,280)
Proceeds from long-term debt, including capital lease, are recorded as revenue in governmental funds. However, in the statement of activities, proceeds from long-term debt are not recorded as revenue. Rather, long-term debt is recorded as a liability in the statement of net position.	(130,000)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus required the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. In addition, premiums on bond anticipation notes and on bonds are recognized as revenue in the governmental funds, whereas in the statement of activities, premiums are amortized into interest expense.	4,070
District's proportionate share of actuarial calculated pension expense and net amortization of deferred amounts are recorded in the statement of activities, whereas in the governmental funds pension expense is based on District's required contribution to pension plans.	(704,751)
District's actuarial calculated OPEB expense and net amortization of deferred outflows and inflows related to OPEB are recorded in the statement of activities, whereas in the governmental funds OPEB expense is based on District's required contribution to the OPEB plan.	(218,564)
In the statement of activities, certain operating expenses, compensated absences and special termination benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount actually paid). This year, compensated absences changed by this amount.	<u>103,614</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ 1,167,816</u></b>

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

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Asset and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
<b>Revenue</b>					
Real property taxes	\$ 6,150,007	\$ -	\$ -	\$ -	\$ 6,150,007
Charges for services	59,166	-	-	(59,166)	-
Use of money and property	286,279	-	-	(48)	286,231
Sale of property compensation for loss	12,467	75,770	-	-	88,237
Miscellaneous	378,703	-	-	-	378,703
State sources	14,170,686	-	-	(188,403)	13,982,283
Federal sources	1,607,256	-	-	(1,072,811)	534,445
Surplus food	33,683	-	-	(33,683)	-
Sales (school food service)	12,632	-	-	(12,632)	-
Total revenue	22,710,879	75,770	-	(1,366,743)	21,419,906
<b>Expenditures</b>					
General support	3,643,543	130,030	-	393,486	4,167,059
Instruction	10,727,851	637,573	190,226	2,714,202	14,269,852
Pupil transportation	1,154,565	41,855	-	337,040	1,533,460
Employee benefits	3,943,576	-	629,475	(4,573,051)	-
Debt service	896,212	-	(595,065)	-	301,147
Capital outlay	3,199,113	(3,199,113)	-	-	-
Cost of sales	154,901	-	-	(174,329)	(19,428)
Other expenses	64,091	-	-	(64,091)	-
Total expenditures	23,783,852	(2,389,655)	224,636	(1,366,743)	20,252,090
Excess (deficiency) of revenue over expenditures	(1,072,973)	2,465,425	(224,636)	-	1,167,816
<b>Other sources and uses</b>					
BANs redeemed from appropriations	177,280	-	(177,280)	-	-
Proceeds from capital lease	130,000	-	(130,000)	-	-
Operating transfers in	867,046	-	-	(867,046)	-
Operating transfers out	(867,046)	-	-	867,046	-
Total other sources (uses)	307,280	-	(307,280)	-	-
<b>Net change for year</b>	\$ (765,693)	\$ 2,465,425	\$ (531,916)	\$ -	\$ 1,167,816

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**I. Significant Accounting Policies**

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

**A. Reporting Entity**

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

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

**1. Extraclassroom Activity Funds**

The extraclassroom activity fund of the **Cuba-Rushford Central School District** represents funds of the students of the School District. The Board of Education exercises general oversight of these funds and has adopted the guidance prescribed by the New York State Education Department for safeguarding, accounting and auditing of extraclassroom activity funds. As a result, these funds do not meet the criteria required to be reported as fiduciary funds and are now being reported in a governmental fund. The cash and investment balances as well as revenues and expenditures are now reported in a miscellaneous special revenue fund of the District. Under previous guidance the cash and investment balances were reported as agency funds. The audited financial statements (cash basis) of the extraclassroom activity funds are available at the District's offices.

**B. Joint Venture**

The **Cuba-Rushford Central School District** is one of 22 component school districts in the Cattaraugus-Allegany Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Joint Venture (continued)**

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

A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of the administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7).

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

During the year, the District was billed approximately \$4,244,000 for BOCES administration and program costs. The District's share of BOCES aid, refunds and rentals amounted to \$2,212,000 for the year ended June 30, 2021. Financial statements for the Cattaraugus-Allegany BOCES are available at the BOCES administrative offices in Olean, New York.

**C. Basis of Presentation**

**1. District-wide Statements**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

**C. Basis of Presentation (continued)**

**1. District-wide Statements (continued)**

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

**2. Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

**C. Basis of Presentation (continued)**

**2. Fund Financial Statements (continued)**

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

**Miscellaneous Special Revenue** - is used to account for and report those revenues that are restricted and committed to expenditures for scholarships and student activities.

**Fiduciary Fund Types** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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. The District does not have any activities that qualify for reporting as a fiduciary

**D. Measurement Focus and Basis of Accounting**

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Measurement Focus and Basis of Accounting (continued)**

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

**E. Cash and Cash Equivalents**

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

**F. Inventory**

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

**G. Investments**

Investments are stated at current market value.

**H. Capital Assets**

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2010. For assets acquired to June 30, 2010, estimated historical costs, based on appraisals conducted by independent third-party professionals was used. Donated assets are reported at estimated fair market value at the time received.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Capital Assets (continued)**

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 2,500	Straight-line	40 years
Land improvements	2,500	Straight-line	25-30 years
Furniture and equipment	2,500	Straight-line	5-20 years
Transportation vehicles	2,500	Straight-line	8 years

**I. Due To/From Other Funds**

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

**J. Compensated Absences**

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated sick and vacation time. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive payments and other employees expected to become eligible in the future to receive such payments are included. The District has recorded an estimated liability in the District-wide financial statement amounting to \$568,858 to recognize the cost of the incentive benefits for those employees eligible to receive such a benefit. The District believes sufficient resources and budgetary appropriations will be available as the benefits become payable in future years. The liability for compensated absences is calculated at rates in effect as of the balance sheet date and is recorded in the district-wide Statement of Net Position.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

**K. Deferred Inflows and Outflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District 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 proportion share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the district-wide Statements of Net Position. This represents the actuarial differences that are deferred and amortized and benefits paid subsequent to measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualifies for reporting in this category. The first 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 and TRS Systems) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the actuarial differences that are deferred and amortized.

**L. Unearned Revenue**

Unearned revenue is reported on the District's combined balance sheet. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

**L. Unearned Revenue (continued)**

Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

**M. Post-Employment Benefits**

In addition to the retirement benefits described in Note 3VA, the District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. These benefits are provided in lieu of a lump sum payment of compensated absences. The contracts provide the option of converting accumulated sick pay to purchase health care and require various years of service and age limits. The District accrues for future compensated absences in the government-wide financial statements.

Currently 4 retired employees have elected to use accumulated sick pay to finance health insurance payments under the District's group plans. This option pays for 100% of the cost of premiums until the accumulated sick pay amount is exhausted, at which point the insurance payment becomes the responsibility of the retiree. There are also 17 other retired employees who receive individual coverage until the age of 65 as a result of early retirement incentives. The District recognizes the cost of providing health insurance annually as an expenditure in the general fund as payments are made.

**N. Fund Equity**

**1. Governmental Funds**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be reported within one of the fund balance categories listed below:

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Fund Equity (continued)**

**1. Governmental Funds (continued)**

**A. Nonspendable**

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

**1. Inventory Reserve**

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

**B. Restricted**

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

**1. Unemployment Reserve**

This reserve is used to accumulate funds to pay the cost of reimbursement to the New York State Unemployment Insurance Fund for payments made to claimants. 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 be either transferred to another reserve or the excess applied to the appropriations of the next fiscal year's budget. If the District elects to convert to tax 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 recorded in the General Fund.

**2. Reserve for Retirement**

The purpose of this reserve is to reserve funds to finance the cost of future retirement contributions. This reserve fund may be established by a majority vote of the board of education. This reserve is recorded in the General Fund.

**3. Teachers' Retirement System Reserve**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Fund Equity (continued)**

**1. Governmental Funds (continued)**

**B. Restricted (continued)**

**4. Reserve for Employee Benefits**

The purpose of this reserve is to reserve funds for the payment of any accrued employee benefit due an employee upon termination of service. This reserve fund may be established by a majority vote of the board of education and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

**5. Insurance Reserve**

This reserve is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law. The reserve may be established by board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. This reserve is accounted for in the General Fund.

**6. Debt Service Reserve**

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

**7. Capital Reserve**

These reserves are used to accumulate funds to finance all or a portion of future capital projects and bus purchases for which bonds may be issued. Voter authorization is required for both the establishment of the reserves and payments from the reserves. These reserves are accounted for in the Capital Projects Fund.

**8. Liability and Property Loss Reserve**

This reserve is used to accumulate funds to pay liability claims incurred. The total amount accumulated in the reserve may not exceed 3% of the total annual budget. This reserve is accounted for in the General Fund.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

**N. Fund Equity (continued)**

**1. Governmental Funds (continued)**

**B. Restricted (continued)**

**9. Endowment Scholarships Reserve**

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

**10. Worker's Compensation Reserve**

This reserve is used to accumulate funds for the purpose of paying for compensation benefits and other expenditures authorized under Article 2 of the New York State Workers' Compensation Law, and for payment of expenditures of administering this self-insurance program. Excess reserve amounts may be either transferred to another reserve or applied to the appropriations for the next fiscal year's budget. This reserve is accounted for in the General Fund

**11. Repair Reserve**

This reserve is used to accumulate funds to finance future costs of major repairs to capital improvements or equipment. Voter authorization is required to fund the reserve. Expenditures from this reserve may be made only after a public hearing has been held. In an emergency, expenditures may be made from the reserve fund without a public heard with approval of two-thirds of the Board of Education. The emergency expenditures must be repaid within the next two succeeding years. This reserve is accounted for in the General Fund.

**C. Committed**

Fund balance amounts that can be used only for specific purposes determined by a formal action of the District's Board of Education, which is the District's highest level of decision-making authority. The District reports the fund balance of the extraclassroom activities as committed fund balance as of June 30, 2021.

**D. Assigned**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

**N. Fund Equity (continued)**

**1. Governmental Funds (continued)**

**D. Assigned (continued)**

**1. Encumbrance Accounting**

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds, and Capital Projects Fund. If resources have already been restricted or committed for encumbrances, the encumbered amounts will be included with restricted or committed resources. If resources have not already been restricted or committed, amounts encumbered are considered assigned for the purpose of the expected expenditure. Reserve for encumbrances totaled \$289,895 as of June 30, 2021.

**2. General Fund**

The amount of \$1,944,058 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2022 as allowed by Section 1318 of the Real Property Tax Law.

**E. Unassigned**

The residual classification of the general fund and includes all spendable amounts not contained in the other classifications.

**2. Government-wide financial statements**

**A. Net Investment in Capital Assets**

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

**B. Restricted**

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

**C. Unrestricted**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Fund Equity (continued)**

**3. Order of Fund Balance Spending Policy**

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

- a. Restricted fund balance for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation;
- b. Committed fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;
- c. Assigned fund balance created specifically for the expenditure (encumbered fund balance);
- d. Assigned fund balance within funds other than the General Fund of the District to which the expenditure relates;
- e. Unassigned fund balance.

**O. Budgetary Procedures and Budgetary Accounting**

**1. Budget Policies**

The budget policies are as follows:

- a) The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund and the School Food Service Fund.
- b) The proposed appropriations budget is approved by the voters within the District.
- c) Appropriations are adopted at the program level.
- d) Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The District had no supplemental appropriations during the year ended June 30, 2021.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. Budgetary Procedures and Budgetary Accounting (continued)**

**2. Budget Basis for Accounting**

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

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

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

**P. Property Taxes**

**1. Calendar**

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

**2. Enforcement**

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

**Q. Interfund Transfers**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**R. Deferred Compensation Plan**

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

**S. Estimates**

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

**T. New Accounting Pronouncement**

Effective July 1, 2020, the District implemented the provisions of GASB Statement No. 84, Fiduciary Activities. This statement changes the definition of fiduciary activities, providing more refined guidance on how to determine if an activity is fiduciary in nature and therefore should be reported as such. The statement defines types of fiduciary funds, eliminating agency funds and replacing them with custodial funds. Under this guidance, all fiduciary funds will now report a net position and a statement of changes in net position. Implementation of this guidance resulted in reclassification of extraclassroom activities, scholarship activities and payroll transactions in fiduciary activities to governmental funds and the creation of the miscellaneous special revenue fund to account for these activities.

**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS**

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

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

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

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

**B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities**

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

**1. Long-term Revenue Differences**

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

**2. Capital Related Differences**

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

**3. Long-term Debt Transaction Differences**

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

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

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

**4. Pension Differences**

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

**5. OPEB Differences**

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

**NOTE 3 - DETAIL NOTES ON ALL FUNDS**

**I. Cash**

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

The District treasurer is authorized to use demand accounts and certificates of deposits. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities. Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. While the District does not have a specific policy with regards to custodial credit risk, New York State statutes govern the District's investment policies. At June 30, 2021, the District's bank deposits were fully collateralized.

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

**A. Deposits**

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

- (1) Insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the entity or by its agent in the entity's name;

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

**I. Cash (Continued)**

- (2) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or
- (3) Uncollateralized

Total financial institution (bank) balances at June 30, 2021 per the bank were approximately \$13,453,000. Deposits are categorized as follows:

<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Value</u>
\$ 1,000,000	\$ 12,453,000	\$ -	\$ 13,453,000

**II. Interfund Transactions**

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

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 751,656	\$ -
School Lunch Fund	-	91,744
Special Aid Fund	121,580	483,098
Debt Service Fund	82,997	-
Capital Projects Fund	-	381,391
Miscellaneous Special Revenue	-	-
Total	<u>\$ 956,233</u>	<u>\$ 956,233</u>

Interfund transactions for the year ended June 30, 2021 are as follows:

	<u>Interfund Revenue</u>	<u>Interfund Expenditures</u>
General Fund	\$ 102,058	\$ 780,508
Capital Projects Fund	750,000	-
School Lunch Fund	-	-
Debt Service Fund	-	86,538
Special Aid Fund	14,988	-
Total	<u>\$ 867,046</u>	<u>\$ 867,046</u>

During the year ended June 30, 2021, the District transferred \$750,000 from the General Fund to the capital reserve in the Capital Projects Fund for future capital improvements. A transfer of \$14,988 was made from the General Fund to the Special Aid Fund to pay for the local share of grants. A transfer of \$86,538 was made from the Debt Service Fund to the General Fund related to the prior year bond anticipation note premium.

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

**III. Receivables**

Receivables at June 30, 2021 are as follows, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Special Aid	State and Federal Aid	\$ 360,486
General	State and Federal Aid	962,472
Food Service	State and Federal Aid	91,008
General	Due from Other Governments	1,795,204
General	Other Receivables	28,732
		<u>\$ 3,237,902</u>

**IV. Capital Assets**

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

	<u>Beginning Balance 06/30/20</u>	<u>Net Additions (Disposals)</u>	<u>Ending Balance 06/30/21</u>
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 132,268	\$ -	\$ 132,268
Construction-in-progress	11,623,444	3,199,113	14,822,557
Capital assets that are depreciated:			
Buildings and improvements	33,634,426	19,778	33,654,204
Furniture and equipment	6,490,064	400,806	6,890,870
Total depreciable historical cost	<u>51,880,202</u>	<u>3,619,697</u>	<u>55,499,899</u>
Less accumulated depreciation:			
Buildings and improvements	16,228,800	796,491	17,025,291
Furniture and equipment	4,544,835	357,781	4,902,616
Total accumulated depreciation	<u>20,773,635</u>	<u>\$ 1,154,272</u>	<u>21,927,907</u>
Total net book value	<u>\$31,106,567</u>		<u>\$33,571,992</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 202,145
Instruction	648,439
Pupil transportation	303,688
	<u>\$ 1,154,272</u>

During the fiscal year ended June 30, 2021 the District had capital additions in the amount of \$3,543,927.

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

**V. Liabilities**

**A. Pension Plans**

**1. Plan Descriptions and Benefits Provided**

**a. Teachers' Retirement System (TRS)**

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

**b. Employees' Retirement System (ERS)**

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System.

The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL).

Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance.

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

**V. Liabilities (continued)**

**A. Pension Plans (continued)**

**1. Plan Descriptions and Benefits Provided (continued)**

**b. Employees' Retirement System (ERS) (continued)**

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

**2. Contributions**

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

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

<u>Year</u>	<u>TRS</u>	<u>ERS</u>
2021	\$ 613,000	\$ 278,000
2020	570,000	265,000
2019	673,000	252,000

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

**V. Liabilities (continued)**

**A. Pension Plans (continued)**

**2. Contributions (continued)**

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

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

At June 30, 2021, 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, 2021 for ERS and June 30, 2020 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The 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>Measurement date</u>	<u>ERS 3/31/2021</u>	<u>TRS 6/30/2020</u>
Net pension asset (liability)	\$ (6,357)	\$ (1,048,232)
District's portion of the Plan's total net Pension asset (liability)	.0063841%	.037935%

For the year ended June 30, 2021, the District's recognized pension expense of \$176,144 for ERS and \$1,428,660 for TRS. At June 30, 2021 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	\$ 77,635	\$ 918,461	\$ -	\$ 53,720
Changes of assumptions	1,168,832	1,325,770	22,045	472,568
Net difference between projected and actual earnings on pension plan investments	-	684,587	1,826,082	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	93,032	50,219	6,925	8,321
District's contributions subsequent to the measurement date	78,555	612,758	-	-
<b>Total</b>	<b>\$ 1,418,054</b>	<b>\$ 3,591,795</b>	<b>\$ 1,855,052</b>	<b>\$ 534,609</b>



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

**V. Liabilities (continued)**

**A. Pension Plans (continued)**

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

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

Year ending:	ERS	TRS
2022	\$ (81,521)	\$ 425,714
2023	(16,999)	841,679
2024	(78,919)	688,563
2025	(338,114)	420,009
2026	-	19,630
Thereafter	-	48,833

**4. Actuarial Assumptions**

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	3/31/21	6/30/20
Actuarial valuation date	4/1/20	6/30/19
Interest rate	5.9%	7.1%
Salary scale	4.4% average 4/1/15 – 3/31/20	1.90% - 4.72% 7/1/09 – 6/30/14
	System's Experience	System's Experience
Decrement tables	Experience	Experience
Inflation rate	2.7%	2.2%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019, applied on a generational basis.

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

**V. Liabilities (continued)**

**A. Pension Plans (continued)**

**4. Actuarial Assumptions (continued)**

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

Measurement date	ERS 3/31/21	Expected Rate of Return	TRS 6/30/20	Expected Rate of Return
<b>Asset Type:</b>				
Domestic Equity	32%	4.05%	33%	7.1%
International Equity	15%	6.30%	16%	7.7%
Global Equity	-%	-%	4%	7.4%
Private Equity	10%	6.75%	8%	10.4%
Real Estate	9%	4.95%	11%	6.8%
Opportunistic/ARS portfolio	3%	4.50%	-%	-%
Credit	4%	3.63%	-%	-%
Real assets	3%	5.95%	-%	-%
Domestic fixed income securities	-%	-%	16%	1.8%
Global fixed income securities	-%	-%	2%	1.0%
Real estate debt	-%	-%	7%	3.6%
Private debt	-%	-%	1%	5.2%
High-yield fixed income	-%	-%	1%	3.9%
Fixed income	23%	-%	-%	-%
Cash	1%	.5%	1%	0.7%
Total:	<u>100%</u>		<u>100%</u>	

**5. Discount Rate**

The discount rate used to calculate the total pension asset (liability) was 5.9% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and 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).

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

**V. Liabilities (continued)**

**A. Pension Plans (continued)**

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

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 5.9% 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 (4.9% for ERS and 6.1% for TRS) or 1-percentage point higher (6.9% for ERS and 8.1% for TRS) than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
ERS			
Employer's proportionate share of the net pension asset (liability)	\$ (1,764,430)	\$ (6,357)	\$ 1,614,998
	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
TRS			
Employer's proportionate share of the net pension asset (liability)	\$ (6,621,321)	\$ (1,048,232)	\$ 3,629,002

**7. Pension Plan Fiduciary Net Position**

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

Measurement date	(Dollars in Thousands)	
	ERS 3/31/21	TRS 6/30/20
Employers' total pension liability	\$ 220,680,157	\$ 123,242,776
Plan net position	\$ 220,580,583	\$ 120,479,505
Employers' net pension asset (liability)	\$ (99,574)	\$ (2,763,271)
Ratio of plan net position to be Employers' total pension asset (liability)	99.95%	97.8%

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

**V. Liabilities (continued)**

**A. Pension Plans (continued)**

**8. Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$78,555.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$681,543 (employer contribution \$612,758 and employee contributions of \$68,785).

**B. Other Post-Employment Benefits**

Plan Description

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

Employees Covered by Benefit Terms

For the fiscal year ended June 30, 2021 the plan had total active employees of 157 and retirees of 31.

Total OPEB Liability

The District's total OPEB liability of \$5,128,723 was measured as of July 1, 2020 and was determined by an actuarial valuation as of July 1, 2020.

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

**V. Liabilities (continued)**

**B. Other Post-Employment Benefits (continued)**

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5% per year
Salary increases	Based on NYSERS and NYSTRS valuation as of June 30, 2017
Discount rate	32.66%
Healthcare cost trend rates	2021 – 8% reduced to an ultimate rate of 4.5% after 2028.
Retirees' share of benefit-related costs	Varies based on employment contract

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

Mortality rates were based on the Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the year ended June 30, 2019.

Changes in the Total OPEB Liability

Service cost	\$	257,920
Interest		168,643
Change in Benefit Terms		(338,180)
Differences between expected and actual experience		-
Changes in assumptions		661,034
Benefit payments		(331,999)
Net changes		417,418
Net OPEB liability – beginning of year		4,711,305
Net OPEB liability – end of year	\$	<u>5,128,723</u>

Changes in assumptions reflect a change in the discount rate from 3.51% in 2020 to 2.66% in 2021; health insurance trend rate from 7.5% through 4.5% in 2020 to 8% through 4.50% in 2020. Mortality rates based on Scale MP-2018 as of 2020 and MP-2021 as of 2021.

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 (1.66%) or 1 percentage point higher (3.66%) that the current discount rate:

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

**V. Liabilities (continued)**

**B. Other Post-Employment Benefits (continued)**

	1% Decrease (1.66%)	Current Assumption (2.66%)	1% Increase (3.66%)
Total OPEB liability	<u>\$ 5,643,566</u>	<u>\$ 5,128,723</u>	<u>\$ 4,663,414</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (initial rate of 7% decreasing by .5% annually until reaching 3.5%)	Current Assumption (initial rate of 8% decreasing by .5% annually until reaching 4.5%)	1% Increase (initial rate of 6% decreasing by .5% annually until reaching 5.5%)
Total OPEB liability	<u>\$ 4,496,780</u>	<u>\$ 5,128,723</u>	<u>\$ 5,885,172</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense in the amount of \$380,683. At June 30, 2021, 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	\$ -	\$ 780,955
Benefit payments subsequent to measurement date	162,119	-
Changes in assumptions	860,615	293,048
	<u>\$ 1,022,734</u>	<u>\$ 1,074,003</u>

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

**V. Liabilities (continued)**

**B. Other Post-Employment Benefits (continued)**

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

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

Year ending:	
2022	\$ (45,880)
2023	(45,880)
2024	(45,878)
2025	(106,513)
2026	(32,639)
Thereafter	63,402

**C. Indebtedness**

**1. Short-Term Debt**

**a. Bond Anticipation Notes**

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

On June 25, 2020, bond anticipation notes in the amount of \$12,092,280 were issued with an interest rate of 1.50% and matured on June 25, 2021. The notes carried a premium in the amount of \$86,538 which was recognized in the debt service fund. During the year ended June 30, 2020, the District redeemed \$825,720 in bond anticipation notes.

On June 24, 2021, bond anticipation notes in the amount of \$11,915,000 were issued with an interest rate of 1.0% and mature on June 24, 2022. The notes carried a premium in the amount of \$93,414 which was recognized in the debt service fund. During the year ended June 30, 2021, the District redeemed \$177,280 in bond anticipation notes.

**b. Short-Term Debt Interest**

The District had interest on short-term debt in the amount of \$181,384 the year ended June 30, 2021.

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

**V. Liabilities (continued)**

**C. Indebtedness (continued)**

**2. Long-Term Debt**

**a. Debt Limit**

At June 30, 2021, the total indebtedness represents 40% of its debt limit.

**b. Serial Bonds**

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of capital assets.

**c. Changes**

The changes in the School District's indebtedness during the year ended June 30, 2021 are summarized as follows:

	<u>Balance June 30, 2021</u>	<u>Balance June 30, 2020</u>	<u>Amounts Due Within One Year</u>
Serial Bonds	\$ 4,624,421	\$ 5,018,491	\$ 400,000
Compensated Absences	568,858	597,196	-
Net Pension Liabilities	1,054,589	1,565,716	-
Capital Lease	106,285	-	24,806
Retirees' Health Insurance	64,638	139,914	-
Other post-Employment Benefits	5,128,723	4,711,305	-
	<u>\$ 11,547,514</u>	<u>\$ 12,032,622</u>	<u>\$ 424,806</u>

During the year, the District made principal payments of \$390,000 on its existing serial bonds. Net premium from existing bonds were amortized in the amount of \$4,070. The net pension liability to the NYS Employees' Retirement System decrease \$1,559,359 during the current year, while the TRS system reported a net pension asset in the prior year and a liability of \$1,048,232 in the current year. The net change in compensated absences was a decrease of \$28,338, retirement health insurance was a decrease of \$75,276, other post-employment benefits was an increase of \$417,418. Capital leases issued in the amount of \$13,000 and made principal payments of \$23,715.

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

**V. Liabilities (continued)**

**C. Indebtedness (continued)**

**2. Long-Term Debt (continued)**

**c. Changes (continued)**

**d. Maturity**

1. The following is a summary of maturity of serial bonds indebtedness on June 30, 2021.

<u>Description of Issue</u>	<u>Outstanding June 30, 2021</u>
<u>Serial Bonds:</u>	
Building Construction and Reconstruction Bonds, issued June 2017 with maturity date of June 2032; bonds carry interest at 2.00% - 3.00%.	\$ 4,600,000
Plus: unamortized bond premiums	24,421
	<u>\$ 4,624,421</u>
<u>Capital Lease:</u>	
Capital lease entered into on May 18, 2020, related to energy controls equipment. Quarterly payments of \$7,299, including interest at a rate of 4.4%.	\$ 106,285

2. The following is a summary of maturing debt service requirements for serial bonds:

<u>Year</u>	<u>Serial Bonds – 2017</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 400,000	\$ 110,550
2023	405,000	102,550
2024	415,000	94,450
2025	420,000	86,150
2026	435,000	77,750
2027-2031	2,315,000	232,350
2032	210,000	6,300
Total	<u>\$ 4,600,000</u>	<u>\$ 710,100</u>
<u>Year</u>	<u>Capital Lease - 2020</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 24,806	\$ 4,391
2023	25,947	3,250
2024	27,141	2,056
2025	28,391	806
Total	<u>\$ 106,285</u>	<u>\$ 10,503</u>

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

**V. Liabilities (continued)**

**C. Indebtedness (continued)**

**2. Long-Term Debt (continued)**

**e. Long-Term Debt Interest**

Interest expense on long-term debt amounted to \$123,833 for the year ended June 30, 2021 related to serial bonds (\$118,350) and capital lease (\$5,483).

**3. Premiums, Debt Issuance Costs and Amortization**

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

**4. Refunding of long-term debt**

In prior years, the District defeased other general obligations and other bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's financial statements.

**VI. Fund Equity**

**A. District-wide Net Position**

Net position of the District include restricted net position of \$7,202,304 which represent restricted amounts in the general, capital projects, miscellaneous special revenue and debt service funds.

**B. Unassigned Fund Balance**

Included in unassigned fund balance in the general fund as of June 30, 2021, is a reserve for tax reduction in the amount of \$11,943.

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

**VI. Fund Equity (continued)**

**C. Classification**

The District's fund equity is comprised of various components as presented below:

<u>Category/Fund</u>	<u>Description</u>	<u>Balance June 30, 2021</u>
<b>Nonspendable:</b>		
Food Service	Inventory	\$ 11,287
<b>Restricted:</b>		
General		
	Reserve for employee benefits	\$ 1,586,758
	Reserve for property loss	15,031
	Insurance reserve	25,051
	Reserve for retirement system credits	1,388,229
	Repair reserve	200,411
	Unemployment reserve	462,728
	Reserve for workers' Compensation	435,029
	Teachers' Retirement System Reserve	124,000
		<u>\$ 4,237,237</u>
Debt Service	Reserve for debt service	\$ 347,933
Miscellaneous Special Revenue	Reserve for endowment scholarships	\$ 17,638
Capital Projects	Capital and transportation reserves	\$ 2,599,496
<b>Committed:</b>		
Miscellaneous Special Revenue	Extraclassroom fund balance	\$ 43,892
<b>Assigned:</b>		
General		
	Reserve for encumbrances	\$ 289,895
	Appropriated fund equity	1,944,058
		<u>\$ 2,233,953</u>
Food Service	Appropriated fund equity	\$ 74,517

**D. Deficit Fund Balance**

The District's capital project fund, excluding the capital and transportation reserve funds, had an accumulated deficit in the amount of \$12,456,466 as of June 30, 2021. It is not uncommon for school districts to have deficit balances in the capital project funds as a result of short-term debt being recorded as a liability until they are converted to long-term debt (serial bonds) or redeemed at which time such proceeds are recorded as other financing sources revenue.

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

**VII. Commitments and Contingencies**

**A. Risk Financing and Related Insurance**

**1. General Information**

*Cuba-Rushford Central School District* is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

**2. Risk Sharing Pools**

For its employee health and accident coverage, *Cuba-Rushford Central School District* is a participant in the Cattaraugus-Allegany Regional Medical Plan, a public entity risk pool operated for the benefit of 23 individual governmental units located within Allegany and Cattaraugus Counties. The School District pays monthly premiums to the Plan for this health coverage.

The Plan is authorized to assess supplemental premiums to the participating districts. The Plan provides coverage for its members up to \$100,000 per insured event. The Cattaraugus-Allegany Regional Medical Plan obtains independent coverage for insured events in excess of this amount.

The *Cuba-Rushford Central School District* also participates in a risk sharing pool, Cattaraugus-Allegany BOCES, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. Administrators of the Plan have indicated that the Plan's reserves are believed to be in excess of estimated unbilled and open claims.

**B. Federal and State Grants**

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

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

**VII. Commitments and Contingencies (continued)**

**C. Contingencies**

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

**VIII. Tax Abatements**

The Allegany County Industrial Development Agency entered into a property tax abatement program (Payment in Lieu of Taxes – PILOT) with a Corporation in the **Cuba-Rushford Central School District's** tax jurisdiction for the purpose of economic development. The term of the PILOT is 20 years with the agreement expiring on January 1, 2026. Payments under the agreement will amount to 100% of the assessed land value and 35% of all improvements, gradually increasing to 100% after ten years. At this time, the District is unable to quantify the amount of taxes that have been abated under this program.

**NOTE 4 – RETIREMENT INCENTIVES**

Professional employees whom had 15 years of service in the District and were eligible to retire under the rules of NYS Teachers Retirement System (TRS) were eligible for continuation of medical insurance under the School District's early retirement incentive. The employees were eligible for the continuation of coverage for two to three year based on the coverage selected.

In the District-wide Statement of Net Position, \$64,638 was accrued for retirement incentives as of June 30, 2021.

**NOTE 5 – CAPITAL PROJECTS**

On December 15, 2016, **Cuba-Rushford Central School District** held a public hearing at which time the voters of the District approved a \$14,000,000 renovation project. The proposed budget of this capital project included expenditures for architectural and improvement costs. The District had expenditures related to the capital project in the amounts of \$2,419,954 during the year ended June 30, 2021.

The District had expenditures of \$649,159 related to a Smart Schools Bond Act project.

Lastly, the District entered into a capital lease agreement and had expenditure relating to this agreement for energy controls of \$130,000 for the year ending June 30, 2021.

**NOTE 6 – COVID 19 PANDEMIC**

In March 2020, the World Health Organization declared the novel strain of COVID-19 (coronavirus) a global pandemic and has become increasingly widespread in the United States. The coronavirus outbreak has had a significant impact on financial markets and general economic conditions.

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed which provides funding and emergency assistance to Organizations including public school Districts. The New York State Department of Education has allocated approximately \$356,000 of CARES Act – ESSER and GEER assistance to the District which is for the funding period of March 13, 2020 through September 30, 2022. During June 30, 2021 the District had expenditures totaling all of this funding.

In December 2020, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act was passed which provides additional assistance to school districts. The New York State Department of Education has allocated approximately \$1,069,000 of CRRSA Act assistance to the District. As of June 30, 2021 the District has spent \$0 of the CRRSA funds.

In March 2021, the American Rescue Plan (ARP) Act was passed which provides additional assistance to school districts. The New York State Department of Education has allocated approximately \$3,105,000 of ARP Act assistance to the District. As of June 30, 2021 the District has spent \$0 of the ARP funds.

The District also provided free breakfast and lunches to all students (except those who opted out) through the Summer Food Service Program.

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

**NOTE 7 – PRIOR PERIOD ADJUSTMENT**

Implementation of GASB No. 84 required prior period adjustments for the governmental and fiduciary funds. This adjustment was needed to move the beginning balances of amounts previously reported as fiduciary funds to the respective governmental funds. Total scholarship funds of \$22,265 and extraclassroom activity funds of \$48,563 were reclassified from fiduciary funds to governmental funds as of July 1, 2020.

**NOTE 8 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through September 28, 2021, which is the date the financial statements were available to be issued.

***SUPPLEMENTARY INFORMATION***



**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT**  
**COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES**  
**IN FUND EQUITY - BUDGET AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Adopted Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
<b>Revenues</b>				
<b>Local Sources:</b>				
Real property taxes and tax items	\$ 6,127,015	\$ 6,127,015	\$ 6,127,015	\$ -
Real property tax items	23,000	23,000	22,992	(8)
Charges for services	51,200	51,200	59,166	7,966
Use of money and property	257,300	257,300	277,725	20,425
Sale of property and compensation for loss	2,000	2,000	12,467	10,467
Miscellaneous	250,000	250,000	254,791	4,791
<b>State Sources:</b>				
Basic formula	12,703,026	12,703,026	12,172,571	(530,455)
BOCES	1,540,530	1,540,530	1,713,369	172,839
Textbooks	46,076	46,076	25,648	(20,428)
All other aid	30,227	30,227	70,695	40,468
<b>Federal Sources:</b>				
Medicaid reimbursement	150,000	150,000	166,169	16,169
CARES act	-	-	356,464	356,464
E-rate	40,000	40,000	11,812	(28,188)
<b>Total revenue</b>	<b>21,220,374</b>	<b>21,220,374</b>	<b>21,270,884</b>	<b>50,510</b>
<b>Other Sources</b>				
Operating transfer in	-	-	102,058	102,058
<b>Total revenue and other sources</b>	<b>21,220,374</b>	<b>21,220,374</b>	<b>\$21,372,942</b>	<b>\$ 152,568</b>
Appropriated fund equity and prior year encumbrances	1,462,868	1,718,275		
<b>Total revenue, other sources and appropriated fund equity</b>	<b>\$ 22,683,242</b>	<b>\$ 22,938,649</b>		

See accompanying independent auditor's report.

	Adopted Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
<b>Expenditures</b>					
<b>General Support:</b>					
Board of education	\$ 10,697	\$ 10,697	\$ 5,756	\$ -	\$ 4,941
Central administration	203,389	203,850	204,714	1,974	(2,838)
Finance	268,175	281,391	263,536	16,910	945
Staff	428,460	437,084	428,647	-	8,437
Central services	2,160,211	2,375,159	2,166,225	120,081	88,853
Special items	348,574	349,001	360,474	-	(11,473)
<b>Instructional:</b>					
Instruction, administration and improvement	573,586	561,875	557,622	1,426	2,827
Teaching - regular school	5,009,902	5,008,482	4,151,775	102,662	754,045
Programs for children with handicapping conditions	3,059,377	3,084,438	2,451,343	9,193	623,902
Teaching - special schools	46,100	64,245	31,745	-	32,500
Occupational education	495,245	495,245	492,738	-	2,507
Instructional media	1,852,093	2,071,187	1,924,840	18,471	127,876
Pupil services	315,396	303,482	342,586	17,845	(56,949)
<b>Pupil Transportation</b>	1,319,245	1,247,300	1,154,565	1,333	91,402
<b>Employee Benefits</b>	5,044,135	4,249,850	3,808,991	-	440,859
<b>Debt Service:</b>					
Debt service principal	965,000	988,715	590,995	-	397,720
Debt service interest	420,657	426,140	305,217	-	120,923
<b>Total expenditures</b>	<u>22,520,242</u>	<u>22,158,141</u>	<u>19,241,769</u>	<u>289,895</u>	<u>2,626,477</u>
<b>Other Uses:</b>					
Transfer to other funds	163,000	780,508	780,508	-	-
<b>Total other uses</b>	<u>163,000</u>	<u>780,508</u>	<u>780,508</u>	<u>-</u>	<u>-</u>
<b>Total expenditures and other uses</b>	<u>\$ 22,683,242</u>	<u>\$ 22,938,649</u>	<u>20,022,277</u>	<u>\$ 289,895</u>	<u>\$ 2,626,477</u>
<b>Excess of revenue and other sources over expenditures and other uses</b>			<u>\$1,350,665</u>		

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT**  
**COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES**  
**IN FUND EQUITY - BUDGET AND ACTUAL – FOOD SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Schedule SS1A**

**Page 35**

	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
<b>Revenue</b>			
State sources	\$ 12,000	\$ 16,461	\$ 4,461
Federal sources	429,834	452,441	22,607
Sales	39,000	12,632	(26,368)
Surplus food	32,000	33,683	1,683
Use of money and property	40	48	8
Total revenue	<u>512,874</u>	<u>515,265</u>	<u>2,391</u>
<b>Expenditures</b>			
General support	213,191	214,191	(1,000)
Employee benefits	109,222	102,487	6,735
Cost of sales	206,754	154,901	51,853
Other expenses	33,707	24,258	9,449
Total expenditures	<u>562,874</u>	<u>495,837</u>	<u>67,037</u>
<b>Deficiency of revenue over expenditures</b>	(50,000)	19,428	69,428
<b>Other sources</b>			
Transfer from general fund	50,000	-	(50,000)
<b>Excess of revenue and other sources over expenditures and other uses</b>	<u>\$ -</u>	19,428	<u>\$ 19,428</u>
Fund equity, beginning of year		<u>66,376</u>	
<b>Fund equity, end of year</b>		<u>\$ 85,804</u>	

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**  
**AND THE REAL PROPERTY TAX LIMIT**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Schedule SS2**

**Page 36**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

<b>Adopted budget</b>	\$ 22,683,242
<b>Additions:</b>	
Prior year encumbrances	<u>255,407</u>
<b>Original Budget</b>	22,938,649
<b>Budget Revisions:</b>	<u>-</u>
<b>Final budget</b>	<u><u>\$ 22,938,649</u></u>

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

<b>2021-22 voter-approved expenditure budget</b>	<b>\$ 23,980,195</b>
<b>Maximum allowed (4% of 2021-22 budget)</b>	<b>\$ 959,208</b>

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

<b>Unrestricted fund balance:</b>	
Committed fund balance	\$ -
Assigned fund balance	2,233,953
Unassigned fund balance	<u>4,547,475</u>
Total unrestricted fund balance	<u>6,781,428</u>
<b>Less:</b>	
Appropriated fund balance	1,944,058
Insurance recovery reserve	-
Tax reduction reserve	11,943
Encumbrances included in committed and assigned fund balance	<u>289,895</u>
Total adjustments	<u>2,245,896</u>
<b>General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law</b>	<b><u><u>\$ 4,535,532</u></u></b>
<b>Actual percentage</b>	<b><u><u>18.9%</u></u></b>

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

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Schedule SS3**

**Page 37**

Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended (Over expended) Balance	Methods of financing				Fund Balance June 30, 2021
			Prior Years	Current Year	Total		Proceeds of Obligations	State Sources	Local Sources	Total	
2011 Improvement project	\$ 10,900,000	\$ 10,900,000	\$ 9,293,839	\$ -	\$ 9,293,839	\$ 1,606,161	\$ 8,256,800	\$ 743,200	\$ 342,952	\$ 9,342,952	\$ 49,113
2018 Improvement project	14,000,000	14,000,000	11,369,730	2,419,954	13,789,684	210,316	13,349,966	-	652,462	14,002,428	212,744
Capital Lease - Energy controls	130,000	130,000	-	130,000	130,000	-	130,000	-	-	130,000	-
Smart Schools Bonds Act proje	1,249,193	1,249,193	154,164	649,159	803,323	445,870	-	-	-	-	(803,323)
	<u>\$ 26,279,193</u>	<u>\$ 26,279,193</u>	<u>\$ 20,817,733</u>	<u>\$ 3,199,113</u>	<u>\$ 24,016,846</u>	<u>\$ 2,262,347</u>	<u>\$ 21,736,766</u>	<u>\$ 743,200</u>	<u>\$ 995,414</u>	<u>\$ 23,475,380</u>	(541,466)
							Less: bond anticipation notes outstanding				(11,915,000)
							Capital and transportation reserves				<u>2,599,496</u>
							Total fund deficit as of June 30, 2021				<u>\$ (9,856,970)</u>

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT**  
**BUDGET COMPARISON STATEMENT FOR STATE AND**  
**OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Schedule SS4A**

**Page 38**

Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Summer school *	N/A	2021	\$ 52,666	52,666	\$ 52,666
Universal Pre-kindergarten	0409-21-7136	2021	133,764	133,764	133,764
Healthy Kids	N/A	2021	500	500	500
Summer Food Service Program	N/A	2021	N/A	16,461	16,461
				<u>\$ 203,391</u>	<u>\$ 203,391</u>

\* Included in revenue is an interfund transfer from the general fund for the local share of the grant in the amount \$14,988.

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**Schedule SS4B**

**Note 1 - Basis of Presentation**

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

**Basis of Accounting**

The basis of accounting varies by Federal program consistent with underlying regulations pertaining to each program. The amounts reported as Federal expenditures generally were obtained from the appropriate Federal financial reports for the applicable program and periods. The amounts reported in these Federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the District's financial reporting system.

**Note 2 - Non-monetary Federal Program**

The accompanying **Cuba-Rushford Central School District** is the recipient of a non-monetary federal award program. During the year ended June 30, 2021, the District reported in the Schedule of Federal Awards \$33,683 of donated commodities at fair market value received and disbursed.

**Note 3 - Indirect Cost Rate**

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

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Schedule SS4C**

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Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
<b>Passed through NYS</b>					
<b>Department of Education:</b>					
Title I	84.010A	0021-21-0125	\$ 325,612	\$ 326,143	\$ 326,143
Title II, Part A	84.367A	0147-21-0125	48,996	11,137	11,137
Title II, Part A	84.367A	0147-20-0125	8,154	8,154	8,154
Title IV - DFSCA	84.186A	0180-21-0125	25,268	25,268	25,268
Title V - Part B - Rural and Low Income Schools	84.358B	0006-21-0125	15,127	15,127	15,127
IDEA Part B, Section 611 *	84.027A	0032-21-0044	222,815	222,815	222,815
IDEA Part B, Section 619 *	84.173A	0033-21-0044	11,726	11,726	11,726
COVID-19 - CARES Act ESSERF	84.425D	5890-21-0125	304,805	304,805	304,805
COVID-19 - CARES Act GEER	84.425C	5895-21-0125	51,659	51,659	51,659
Total U.S. Department of Education			1,014,162	976,834	976,834
<b>US Department of Agriculture:</b>					
<b>Passed through NYS</b>					
<b>Department of Education:</b>					
COVID-19 - Summer Food Service Program **	10.559	N/A	N/A	452,441	452,441
<b>Passed through NYS</b>					
<b>Office of General Services</b>					
National School Lunch Program **					
Non-Cash Assistance (commodities)	10.555	N/A	N/A	33,683	33,683
Total U.S. Department of Agriculture				486,124	486,124
Total expenditures and revenue				\$ 1,462,958	\$ 1,462,958
* Constitutes a cluster of Federal programs named Special Education Cluster with revenue and expenditures of					\$ 234,541
** Constitutes a cluster of Federal programs named Child Nutrition Cluster with revenue and expenditures of					\$ 486,124



**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS**  
**AS OF JUNE 30, 2021**

**Schedule SS5**

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Capital Assets	\$	33,571,992
Less:		
Serial bonds		(4,624,421)
Capital leases		(106,285)
Bond anticipation notes		<u>(11,915,000)</u>
Net investment in capital assets	\$	<u>16,926,286</u>

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN THE DISTRICT'S**  
**NET OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2021**

**Schedule SS6**

**Page 41**

As of the measurement date of 7/1	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>					
Service cost	\$ 257,920	\$ 247,906	\$ 243,783	\$ 280,383	\$ 227,664
Interest	168,643	187,456	183,769	165,952	192,093
Differences between expected and actual experience	(338,180)	(272,292)	(197,023)	(315,383)	-
Change in benefit terms	-	-	39,567	-	-
Changes in assumptions	661,034	133,750	(248,400)	(275,594)	444,636
Benefit payments	(331,999)	(359,458)	(329,187)	(351,148)	(322,154)
Net change in total OPEB liability	417,418	(62,638)	(307,491)	(495,790)	542,239
Total OPEB liability - beginning	4,711,305	4,773,943	5,081,434	5,577,224	648,089
Prior period adjustment (see notes)	-	-	-	-	4,386,896
Total OPEB liability - ending	<u>\$ 5,128,723</u>	<u>\$ 4,711,305</u>	<u>\$ 4,773,943</u>	<u>\$ 5,081,434</u>	<u>\$ 5,577,224</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 331,999	\$ 359,458	\$ 329,187	\$ 351,148	\$ 322,154
Net investment income	-	-	-	-	-
Benefit payments	(331,999)	(359,458)	(329,187)	(351,148)	(322,154)
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability	<u>\$ 5,128,723</u>	<u>\$ 4,711,305</u>	<u>\$ 4,773,943</u>	<u>\$ 5,081,434</u>	<u>\$ 5,577,224</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	<u>\$ 6,833,302</u>	<u>\$ 6,781,849</u>	<u>\$ 6,616,438</u>	<u>\$ 7,263,896</u>	<u>\$ 7,170,677</u>
District's net OPEB liability as a percentage of covered-employee payroll	75.05%	69.47%	72.15%	69.95%	77.78%

Notes to Schedule:

Benefit Changes: None

Changes in assumptions: Discount rate from 3.51% as of 7/1/19 to 2.66% as of 7/1/20

Health care trend from 7.5% through 4.5% as of 7/1/19 to 8% through 4.5% as of 7/1/20

Mortality table has been updated from SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 to SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS – OPEB**  
**FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2021**

**Schedule SS7**

**Page 42**

For the year ended June 30,	2021	2020	2019	2018
Actuarially determined contributions	\$ 331,999	\$ 359,458	\$ 329,187	\$ 351,148
Contributions in relation to the actuarially determined contribution	(331,999)	(359,458)	(329,187)	(351,148)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6,833,302	\$ 6,781,849	\$ 6,616,438	\$ 7,263,896
Contributions as a percentage of District's covered-employee payroll	4.86%	5.30%	4.98%	4.83%

Notes to Schedule

Valuation date: 7/1/2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	2.66% as of July 1, 2020.
Inflation	2.5% per year
Healthcare cost trend rates	An initial rate of 8% in 2021 and decreasing each year to an ultimate rate of 4.5% after 2028.
Salary increases	Based on NYSERS and NYSTRS valuation as of June 30, 2020
Mortality	Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020
Retiree Cost Sharing	Varies based on employment contract
Participants	157 Active and 31 Retirees

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS – NYSTRS AND NYSLERS**  
**FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2021**

**Schedule SS8**

**Page 43**

***New York State Teachers' Retirement System***

For the year ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 612,758	\$ 570,358	\$ 672,773	\$ 608,062	\$ 703,647	\$ 789,447	\$ 1,030,148	\$ 952,608	\$ 709,574
Contributions in relation to the contractually required contribution	(612,758)	(570,358)	(672,773)	(608,062)	(703,647)	(789,447)	(1,030,148)	(952,608)	(709,574)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$6,429,780	\$6,437,449	\$6,334,962	\$6,204,714	\$6,003,814	\$5,953,597	\$5,876,486	\$5,862,203	\$5,993,024
Contributions as a percentage of District's covered-employee payroll	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%

***New York State Local Employees' Retirement System***

For the year ended March 31,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 277,742	\$ 265,066	\$ 252,279	\$ 261,491	\$ 245,876	\$ 282,297	\$ 283,169	\$ 266,367	\$ 349,213
Contributions in relation to the contractually required contribution	(277,742)	(265,066)	(252,279)	(261,491)	(245,876)	(282,297)	(283,169)	(266,367)	(349,213)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$2,082,298	\$2,015,102	\$1,866,292	\$1,750,241	\$1,632,563	\$1,570,155	\$1,559,237	\$1,574,001	\$1,922,078
Contributions as a percentage of District's covered-employee payroll	13.34%	13.15%	13.52%	14.94%	15.06%	17.98%	18.16%	16.92%	18.17%

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT**

**Schedule SS9**

**See accompanying independent auditor's report.**

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION ASSET (LIABILITY) – NYSTRS AND DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY - NYSLERS  
FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2021**

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

As of the measurement date of June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension asset (liability)	n/a	0.037935%	0.037948%	0.038092%	0.037887%	0.038582%	0.039121%	0.039686%	0.040919%
District's proportionate share of the net pension asset (liability)	n/a	\$(1,048,232)	\$ 985,896	\$ 688,799	\$ 287,978	\$ (413,230)	\$4,063,413	\$4,420,743	\$ 269,348
District's covered-employee payroll	n/a	\$ 6,437,449	\$6,334,962	\$6,204,714	\$6,003,814	\$5,953,597	\$5,876,486	\$5,862,203	\$5,993,024
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	n/a	-16.28%	15.56%	11.10%	4.80%	6.94%	69.15%	75.41%	4.49%
Plan fiduciary net position as a percentage of the total pension asset (liability)	n/a	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

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

As of the measurement date of March 31,	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension asset (liability)	0.0063841%	0.0059127%	0.0058735%	0.0061909%	0.0060622%	0.0061023%	0.0059209%	n/a	n/a
District's proportionate share of the net pension asset (liability)	\$ (6,357)	\$(1,565,716)	\$ (416,152)	\$ (199,809)	\$ (569,617)	\$ (979,442)	\$ (200,023)	\$ (267,558)	n/a
District's covered-employee payroll	\$2,082,298	\$ 2,015,102	\$1,866,292	\$1,750,241	\$1,632,563	\$1,570,155	\$1,559,237	\$1,574,001	\$1,922,078
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	0.31%	77.70%	22.30%	11.42%	34.89%	62.38%	12.83%	17.00%	n/a
Plan fiduciary net position as a percentage of the total pension asset (liability)	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	n/a	n/a

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

**To the President and  
Members of the Board of Education  
*Cuba-Rushford Central School District*  
Cuba, New York**

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of *Cuba-Rushford Central School District* as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise *Cuba-Rushford Central School District's* basic financial statements and have issued our report thereon dated September 28, 2021.

***Internal Control over Financial Reporting***

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

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

Our consideration of internal control 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify one deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item II.A.2021-001 to be a significant deficiency.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether *Cuba-Rushford Central School District's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item II.B.2021-002.

**Cuba-Rushford Central School District's Responses to Findings**

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

**Purpose of this Report**

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

*Buffamante Whipple Buttafaro PC*

**BUFFAMANTE WHIPPLE BUTTAFARO, P.C.**

**Olean, New York  
September 28, 2021**

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

**To the President and  
Members of the Board of Education  
*Cuba-Rushford Central School District*  
Cuba, New York**

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

We have audited the compliance of *Cuba-Rushford Central School District* with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021. *Cuba-Rushford Central School District's* major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of *Cuba-Rushford 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 *Cuba-Rushford 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 legal determination on *Cuba-Rushford Central School District's* compliance.

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

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

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

Management of *Cuba-Rushford 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 *Cuba-Rushford 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 the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.



***Report on Internal Control Over Compliance (continued)***

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 award 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 deficiencies, significant deficiencies or material weaknesses. 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.

***Purpose of this Report***

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.

*Buffamante Whipple Buttafaro PC*

**BUFFAMANTE WHIPPLE BUTTAFARO, P.C.**

**Olean, New York  
September 28, 2021**

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

Section I - Summary of Auditor's Results

**Financial Statements**

Type of auditor's opinion(s) issued or whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>          </u> yes	<u>      x      </u> no
Significant deficiency(ies) identified?	<u>      x      </u> yes	<u>          </u> none reported
Noncompliance material to financial statements noted?	<u>      x      </u> yes	<u>          </u> no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?	<u>          </u> yes	<u>      x      </u> no
Significant deficiency(ies) identified?	<u>          </u> yes	<u>      x      </u> none reported

Type of auditor's opinion issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR-200.516(a)

           yes                            x       no

Unmodified

Federal Program Title	Federal CFDA Number	Amount
Total expenditures of Federal Awards		<u>\$ 1,462,958</u>
<b>Identification of Major Programs Tested:</b>		
COVID-19 - Summer Food Service Program **	10.559	\$ 452,441
National School Lunch Program Non-Cash Assistance **	10.555	<u>33,683</u>
Total major programs tested		<u>\$ 486,124</u>
% of Federal programs tested		<u>33%</u>

\*\* Constitutes a cluster of Federal programs

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low risk?

      x       yes                                 no

**II. FINANCIAL STATEMENTS AUDIT - FINDINGS**

**A. INTERNAL CONTROL OVER FINANCIAL REPORTING**

**2021-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements**

**Year ended June 30, 2021**

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

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

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

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

**B. COMPLIANCE AND OTHER MATTERS**

**2021-002 Unassigned Fund Balance**

**Year ended June 30, 2021**

*Conditions and criteria:* **Cuba-Rushford Central School District's** unassigned fund balance, less tax reduction reserve, as of June 30, 2021 amounted to approximately \$4,536,000. This amount constitutes approximately 18.9% of the 2021-2022 school budget.

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

*Auditors' Recommendation:* **Cuba-Rushford Central School District** should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation of fund balance.

*District's Response:* During the 2020-2021 school year, the District received additional ESSER Federal funds which supplanted budgeted expenses which contributed towards the increase on the unrestricted fund balance. In addition, the District restricted unnecessary spending and curtailed replenishing supplies prior to the District's knowledge of additional federal funds being available (ESSER II and ARP). The District will continue to closely monitor its fund balance in the future and will review all options with regards to reservation of fund balance.

**III. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS**

**A. COMPLIANCE**

**Year ended June 30, 2021**

No findings related to compliance are being reported upon during the fiscal year ended June 30, 2021.

**B. INTERNAL CONTROL OVER COMPLIANCE**

**Year ended June 30, 2021**

No findings related to internal control over compliance are being reported upon during the fiscal year ended June 30, 2021.

**I. FINANCIAL STATEMENTS AUDIT - FINDINGS**

**A. INTERNAL CONTROL OVER FINANCIAL REPORTING**

**2020-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements  
Year ended June 30, 2020**

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

**Current Status:** Similar finding related to internal control over financial reporting is being reported upon during the year ended June 30, 2021 as finding 2021-001.

**B. COMPLIANCE AND OTHER MATTERS**

**2020-002 Unassigned Fund Balance  
Year Ended June 30, 2020**

**Summary of Prior Year Finding:** The District's unassigned fund balance as of June 30, 2020 amounted to approximately \$3,922,000. This amount constituted approximately 17.3% of the 2020-2021 school budget. The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

**Current Status:** Similar finding related to compliance and other matters is being reported upon during the year ended June 30, 2021 as finding 2021-002.

**II. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS**

**A. COMPLIANCE**

**Year Ended June 30, 2020**

There were no findings related to compliance during the year ended June 30, 2020.

**B. INTERNAL CONTROL OVER COMPLIANCE**

**Year ended June 30, 2020**

There were no findings related to internal control over compliance during the year ended June 30, 2020.

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

Ladies and Gentlemen:

We have completed our audit for the year ended June 30, 2021 of the District's financial statements and have issued our reports thereon dated September 28, 2021. Our audit report expressed an unmodified opinion which states that the District's financial statements are in accordance with generally accepted accounting principles for governments and school districts located in New York State. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by *Government Auditing Standards*.

In planning and performing our audit of the financial statements of the *Cuba-Rushford Central School District* for the year ended June 30, 2021, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation.

Attached to this letter is a schedule of revenue and expense comparisons (modified accrual basis) and analysis of fund equity for the school years ended June 30, 2017 through June 30, 2021. In addition, we have also presented a summary of additional comments which we desire to bring to the board and administration's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon primarily by the business staff. *Cuba-Rushford Central School District* has provided responses to the additional comments, however, we did not audit these responses and, accordingly, we express no opinion on them.

The analysis of the use of the District's fund equity shows that the District maintains a number of reserves. The reserves presented here are only those that are reported in the General Fund. The uses and legal restrictions of each of these reserve categories are listed in the footnotes to the financial statements. These reserves reduce the amount of the District's unassigned fund equity.

We have reviewed the financial statements extensively with the Audit Committee, School Superintendent and the Business Manager. We believe these individuals have a good understanding of the financial condition of the District as well as the comments expressed in our annual report. We have enjoyed working with the District this year, and wish to thank all of the staff who have assisted us during the audit.

Very truly yours,

*Buffamante Whipple Buttafaro PC*

**BUFFAMANTE WHIPPLE BUTTAFARO, P.C.**

**Olean, New York  
September 28, 2021**

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

	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
<b>Revenue and other sources</b>					
Property taxes	\$ 6,150	\$ 6,144	\$ 6,033	\$ 5,942	\$ 5,864
State aid	13,982	14,218	13,185	12,676	12,439
All other	1,241	1,295	1,114	939	1,104
	<u>21,373</u>	<u>21,657</u>	<u>20,332</u>	<u>19,557</u>	<u>19,407</u>
<b>Expenditures and other uses</b>					
General support	3,429	3,167	3,699	3,205	3,206
Instruction	9,952	9,768	9,742	10,022	9,422
Transportation	1,155	1,074	1,148	951	1,005
Benefits	3,809	3,822	3,896	3,664	3,637
Debt	896	1,977	1,370	1,320	1,667
Transfers	781	315	644	268	651
	<u>20,022</u>	<u>20,123</u>	<u>20,499</u>	<u>19,430</u>	<u>19,588</u>
<b>Excess (deficiency) of revenue over expenditures</b>	1,351	1,534	(167)	127	(181)
<b>Fund equity</b>					
Beginning of year	<u>9,668</u>	<u>8,134</u>	<u>8,301</u>	<u>8,174</u>	<u>8,355</u>
End of year	<u>\$ 11,019</u>	<u>\$ 9,668</u>	<u>\$ 8,134</u>	<u>\$ 8,301</u>	<u>\$ 8,174</u>
<b>Analysis of fund equity</b>					
Restricted					
Reserve for repairs	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200
Reserve for retirement system	1,388	1,388	1,388	1,387	1,385
Reserve for teachers' retirement system	124	124	124	-	-
Reserve for employee benefits	1,587	1,588	1,757	1,936	2,091
Reserve for liability	25	25	25	25	25
Reserve for unemployment insurance	463	463	63	255	254
Reserve for workers' compensation	435	435	435	243	242
Reserve for property loss	15	15	15	15	15
Assigned					
Reserve for encumbrances	290	255	174	369	156
Next year's budget	1,944	1,241	1,098	920	1,017
Unassigned	<u>4,548</u>	<u>3,934</u>	<u>2,854</u>	<u>2,951</u>	<u>2,789</u>
	<u>\$ 11,019</u>	<u>\$ 9,668</u>	<u>\$ 8,134</u>	<u>\$ 8,301</u>	<u>\$ 8,174</u>

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT  
SUMMARY OF ADDITIONAL COMMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Page 3**

**GASB 87- Accounting for Leases**

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

***District response: The District will attend trainings and review literature related to the new GASB pronouncements.***

**Reconciliation of Capital Projects Fund**

During the audit we noticed that the District partially closed out its 2011 capital project. We recommend the District complete a reconciliation of its capital project fund equity on an annual basis. This reconciliation will allow the District to monitor the status of ongoing capital projects. In addition, we recommend that such transfers are approved by the Board of Education.

***District's response: The District will implement a procedure to prepare and review a capital project reconciliation fund equity on an annual basis. Any transfers related to the close out will be included in Board of Education motions for approval.***

**Smart Schools Bond Act**

The Smart Schools Bond Act (SSBA) was passed in November 2014 and provided funding to finance improved educational technology and infrastructure to facilitate improved learning opportunities. The District was allocated \$1,249,000 in SSBA funds. As part of the reimbursement process, the State requires several assurances related to project and detailed information of costs incurred. In addition, it is our understanding that payment of funds from the State once reimbursement forms have been filed can take considerable time in some cases. We recommend that the District consider filing their reimbursements to ensure reimbursement of the funds are received in a timely manner. This will alleviate the length of time the General Fund supports the project.

***District's response: The SSBA project has been approved and started during the 2020-21 school year. The District is working closely with the SWBR Architectural firm to submit for reimbursement for the expended amounts.***

**Budgeting and Forecasting**

During the fiscal years ended June 30, 2021 and 2020, the District's actual revenue and expenditures, including encumbrances was different from the budget by approximately \$2,779,000 and \$2,783,000, respectively. The District should continue to prepare projections of future revenue and expenditures and should consider incorporating into a three year forecast of revenue and expenditures in the general fund. We realize that such a forecast will require the use of estimates and assumptions of information such as the amount of expected State Aid, expected rate increase in health insurance, potential increase in salaries, etc. However, we believe a forecast is a very useful tool that the District can utilize when negotiating employee contracts, setting future tax rates, and purchasing future equipment. The forecast would also be beneficial in the budgeting process, whereby the District would have an indication as to whether current year operations are running at an overall surplus or deficit.

***District response: The District utilizes the Comptroller's tools available to districts to forecast expenditures and revenues out 5 years. These tools provide the necessary financial outlook that incorporates expected state aid, health insurance costs, salaries, etc. However, the fiscal year 2019-2020 and 2020-2021 were embedded during a pandemic. During this time, the District made every effort to cut expenditures to prepare for future uncertainties based on the State's announcement and partial practice of withholding 20% of the District's aid. The District's goal of ensuring stabilization in the region and specifically within the academic setting for students during the pandemic led to the differences between expenditures and revenues.***



***CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT***

***EXTRACLASSROOM ACTIVITY FUND  
FINANCIAL STATEMENT***

***FOR THE FISCAL YEAR ENDED JUNE 30, 2021***

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

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT  
EXTRAClassroom Activity Fund**

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## **INDEPENDENT AUDITOR'S REPORT**

**To the President and  
Members of the Board of Education  
Cuba-Rushford Central School District  
Cuba, New York**

We have audited the accompanying statement of cash receipts and disbursements - cash basis of the Extraclassroom Activity Fund of the **Cuba-Rushford Central School District** for the year ended June 30, 2021, and the related notes to the financial statement.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash transactions of the Extraclassroom Activity Fund of the **Cuba-Rushford Central School District** for the year ended June 30, 2021 on the basis of accounting described in Note 1.

*Buffamante Whipple Buttafaro PC*

**BUFFAMANTE WHIPPLE BUTTAFARO, P.C.**

**Olean, New York  
September 28, 2021**

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS**  
**JULY 1, 2020 THROUGH JUNE 30, 2021**

	Balances July 1, 2020	Total Receipts 2020-21	Total Receipts & Balances	Total Payments 2020-21	Balances June 30, 2021
Art Club	\$ 283	\$ -	\$ 283	\$ -	\$ 283
Backpacker's Club	7	-	7	-	7
Class of 2020	6,006	-	6,006	6,006	-
Class of 2021	3,073	3,669	6,742	2,717	4,025
Class of 2022	1,540	1,704	3,244	981	2,263
Class of 2023	1,607	1,730	3,337	1,232	2,105
Class of 2024	25	6,763	6,788	3,748	3,040
Drama Club	3,699	-	3,699	65	3,634
Future Farmers	6,335	3,522	9,857	3,317	6,540
Future Farmers Grant	1,196	1,200	2,396	693	1,703
French Club	(71)	200	129	100	29
MS Spirit Club	3,577	-	3,577	-	3,577
MS Trip	6,490	-	6,490	5,624	866
Band	1,404	-	1,404	200	1,204
Choir	1,245	99	1,344	300	1,044
National Honor Society	894	-	894	-	894
Rebel one Stop Shop	909	-	909	-	909
Spanish Club	2,788	-	2,788	-	2,788
Student Council	5,404	3,669	9,073	3,489	5,584
TBD Café/C&G	413	-	413	-	413
Yearbook	1,739	1,245	2,984	-	2,984
<b>Total activity fund</b>	<b>\$ 48,563</b>	<b>\$ 23,801</b>	<b>\$ 72,364</b>	<b>\$ 28,472</b>	<b>\$ 43,892</b>

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT**  
**EXTRACLASSROOM ACTIVITY FUND**  
**NOTE TO FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The transactions of the Extraclassroom Activity Fund are included in the financial statements of the School District. Cash balances of \$43,892 are included in the Miscellaneous Special Revenue Fund as cash, with a corresponding amount recorded as committed fund balance.

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

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

Ladies and Gentlemen:

In planning and performing our audit of the statement of cash receipts and disbursements – cash basis of the Extraclassroom Activity Fund of **Cuba-Rushford Central School District** as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered **Cuba-Rushford Central School District's** internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Cuba-Rushford Central School District's** internal control. Accordingly, we do not express an opinion on the effectiveness of **Cuba-Rushford Central School District's** internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be material weaknesses.

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. We consider the following deficiency in internal control to be material weaknesses:

**Point of Sale Records**

We noted several instances where the receipt of cash lacked point of sale records. Each cash receipt received by the central treasurer should be accompanied by supporting documentation which reconciles cash received to participation times rates/fees. Due to the lack of point of sale records, cash receipts are not adequate to permit the application of the necessary auditing procedures to indicate whether receipts were recorded. We recommend that point of sale records be filled out in detail or an appropriate summary be attached by the student treasurer or teacher advisor, and be verified or reviewed by the central treasurer.

***District's response: The Business Manager has developed a procedural manual for the extracurricular funds and met with Student Advisors to review recordkeeping processes. We will continue to request improved point of sale records from the classes and clubs. We have also appointed a District Treasurer who is working closely with Student Treasurers and Advisors to improve practices.***

**Internal Profit Margin Analysis**

During our testing of cash receipts, we reviewed documentation to determine whether or not internal profit margin analyses are being performed on fundraisers. Margin analysis is an excellent tool for analyzing the profitability of a fundraiser, and also identifying any potential errors in record keeping or potential fraud. None of the receipts selected for testing had evidence that an internal profit margin analysis was performed. We recommend that the Central Treasurer monitor the completion of such analysis and follow-up with activities that are not turning over forms for review.

***District response: The Clubs have been provided with sample forms for various activities to complete margin analysis for fundraisers. The Central Treasurer will be working closely with them and monitoring that the forms are being completed.***

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

*Buffamante Whipple Buttafaro PC*

**BUFFAMANTE WHIPPLE BUTTAFARO, P.C.**

**Olean, New York  
September 28, 2021**

September 28, 2021

To the Audit Committee  
and Board of Education  
Cuba-Rushford Central School District  
5476 Route 305  
Cuba, New York 14727

We have audited the financial statements of Cuba-Rushford Central School District as of and for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Governmental Auditing Standards and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 27, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Cuba-Rushford Central School District are described in Note 1 to the financial statements. During the current year, the District implemented Governmental Accounting Standards Board Statement Number 84, Fiduciary Activities. The implementation of this new standard resulted in prior period adjustment in which certain extraclassroom funds and scholarship funds were moved from a fiduciary fund type to a governmental fund type as they no longer meet the definition of being a fiduciary activity. Also, certain payroll transactions were reclassified from a fiduciary activity to a general fund activity. We noted no transactions entered into by Cuba-Rushford Central School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

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

***Difficulties Encountered in Performing the Audit***

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

***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The effects of uncorrected misstatements (Overstatement of general and food service accounts payable approximating \$250,000) are deemed immaterial, both individually and in the aggregate, to the financial statements as a whole.



***Disagreements with Management***

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

***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated September 28, 2021.

***Management Consultations with Other Independent Accountants***

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

***Other Audit Findings or Issues***

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

***Other Matters***

We applied certain limited procedures to management's discussion and analysis, budgetary comparison information, schedule of changes in District's net OPEB liability and related ratios, schedule of District's contributions - OPEB, schedule of the District's share of the net pension asset/liability, and the schedule of the District's contributions for defined benefit pension plans, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

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

Very truly yours,

*Buffamante Whipple Buttafaro PC*

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.