

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT

SINGLE AUDIT REPORTING PACKAGE

**AS REQUIRED BY THE UNIFORM GUIDANCE AND
2CFR section 200.512(c)**

June 30, 2020

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT

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CERTIFIED PUBLIC ACCOUNTANTS PLLC

INDEPENDENT AUDITOR'S REPORT

Board of Education
North Syracuse Central School District
North Syracuse, New York

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of changes in the District's total OPEB liability and related ratios, schedule of revenues, expenditures and changes in fund balance-budget (Non-GAAP Basis) and actual- general fund, schedule of district contributions and schedule of district's proportionate share of the net pension asset (liability) on pages 4-11 and 51-54 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 North Syracuse Central School District's basic financial statements. The *schedule of change from adopted to final budget and the real property tax limit*, the *schedule of project expenditures – capital projects*, the *schedule of net investment in capital assets* and the *schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* on pages 55-57 and 62, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *schedule of change from adopted budget to final budget and the real property tax limit, schedule of project expenditures – capital projects fund, net investment in capital assets and the schedule of expenditures of federal awards* are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *schedule of change from adopted budget to final budget and the real property tax limit, schedule of project expenditures – capital projects fund, net investment in capital assets and the schedule of expenditures of federal awards* 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 October 5, 2020 on our consideration of North Syracuse Central School District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.



Syracuse, New York
October 5, 2020

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

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

Financial Highlights

- TRS contribution rates decreased from 10.62% to 8.86%. The District's employer contributions decreased from \$6,596,288 to \$5,824,124, a decrease of \$772,164.
- The District had approximately \$7,109,000 in capital expenditures during 2019-2020 related to ongoing capital projects and bus purchases.
- The District refinanced a portion of bond anticipation notes approximating \$1,955,000 in June 2020 into serial bonds of approximately \$1,690,000 with premiums of \$350,500.
- The District issued bond anticipation notes of approximately \$13,898,000, in relation to bus purchases and ongoing capital projects.
- As early as April 2020 New York Governor Andrew Cuomo indicated that absent funds from the Federal government, the State would impose a 20% reduction in aid payments to municipalities and schools. In August 2020 the State Education Department notified Districts statewide that all aid payments from the State would be subject to 20% reduction to mitigate fiscal challenges in the State's budget due to COVID-19. Since that notification all aid payments have been reduced by 20%. \$68.9 million of the District's budget is funded with aid from the State of New York. Therefore the district anticipates that \$13.78 million will be withheld from current aid payments. In July 2020, the Board approved a Revenue Anticipation Note (RAN) of \$20,000,000 in the event of a cash shortage. No funds have been drawn on the RAN as of the date of these financials. The District remains hopeful the Federal government will provide support to school and municipalities. If support is not provided by January 2021 the District will address the loss of aid through planned use of reserves and expense-side reductions.

Overview of the Financial Statements

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

- The first two statements are *district-wide* financial statements that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column.

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Year Ended June 30, 2020

- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. Figure A-1 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

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

	District-Wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities • Reconciliation of governmental funds revenues, expenditures and changes in fund balances to the Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/ liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter;	All assets, deferred outflows of resources (if any), liabilities and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets,

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Year Ended June 30, 2020

		no capital assets or long-term liabilities included	although they can
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Statements

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

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

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

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

Fund Financial Statements

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

- Some funds are required by New York State law and regulations. Generally, the District is required by New York State General Municipal Law (para. 36) to follow the system of accounts formulated and prescribed by the New York State Comptroller.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

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

The District has two kinds of funds:

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental activities.

Table 1
Condensed Statement of Net Position

	District-Wide		Percent Change
	2020	2019	
Current and Other Assets	\$ 66,172,000	\$ 58,195,000	13.71%
Net Pension Asset	9,668,000	6,618,000	46.09%
Capital Assets	148,777,000	147,446,000	0.90%
Total Assets	<u>\$ 224,617,000</u>	<u>\$ 212,259,000</u>	5.82%
Deferred Outflow of Resources	94,381,000	40,111,000	135.30%
Total Assets and deferred outflow of resources	<u>\$ 318,998,000</u>	<u>\$ 252,370,000</u>	26.40%
Current liabilities	\$ 59,723,000	\$ 50,653,000	17.91%
Noncurrent liabilities	348,958,000	285,941,000	22.04%
Net pension liability	16,217,000	4,368,000	271.27%
Total Liabilities	<u>424,898,000</u>	<u>340,962,000</u>	24.62%
Deferred inflows of resources	85,089,000	93,524,000	-9.02%
Net Position:			
Net investment in capital assets	112,904,000	114,542,000	-1.43%
Restricted	20,885,000	15,308,000	36.43%
Unrestricted (Deficit)	<u>(324,778,000)</u>	<u>(311,966,000)</u>	4.11%
Total Net Position (Deficit)	<u>(190,989,000)</u>	<u>(182,116,000)</u>	4.87%
Total Liabilities, deferred inflows and net position (deficit)	<u>\$ 318,998,000</u>	<u>\$ 252,370,000</u>	26.40%

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Management's Discussion and Analysis
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FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (continued)

Table 2
Changes in Net Position from Operating Results

	District-Wide		Percent Change
	2020	2019	
REVENUES			
Program Revenues:			
Charges for Services	\$ 1,186,000	\$ 2,008,000	-40.94%
Operating Grants and Contributions	6,192,000	5,844,000	5.95%
	<u>7,378,000</u>	<u>7,852,000</u>	-6.04%
General Revenue:			
Property Taxes and Other Tax Items	90,557,000	88,053,000	2.84%
State Sources	72,252,000	75,411,000	-4.19%
Federal Sources	373,000	938,000	-60.23%
Other General Revenues	9,504,000	9,473,000	0.33%
	<u>180,064,000</u>	<u>181,727,000</u>	-0.92%
PROGRAM EXPENSES			
General Support	24,620,000	20,905,000	17.77%
Instruction	146,538,000	137,141,000	6.85%
Transportation	13,975,000	14,498,000	-3.61%
Debt Service	863,000	2,256,000	-61.75%
School Lunch Program	2,941,000	3,168,000	-7.17%
	<u>188,937,000</u>	<u>177,968,000</u>	6.16%
Increase (decrease) in Net Position	<u>\$ (8,873,000)</u>	<u>\$ 3,759,000</u>	-336.05%

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (continued)

Table 3 presents the cost of each of the District's largest programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3
Governmental Activities

	Total cost of services		Net cost of services	
	2020	2019	2020	2019
General Support	\$ 24,620,000	\$ 20,905,000	\$ 24,620,000	\$ 20,905,000
Instruction	146,538,000	137,141,000	141,975,000	132,385,000
Pupil Transportation	13,975,000	14,498,000	13,975,000	14,498,000
Debt Service - Interest	863,000	2,256,000	863,000	2,256,000
School Lunch Program	2,941,000	3,168,000	379,000	72,000
Total	\$ 188,937,000	\$ 177,968,000	\$ 181,812,000	\$ 170,116,000

Financial Analysis of the School District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The purpose of the School District's governmental funds is to account for and provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. The unreserved fund balance is divided between designated balances and undesignated balances. The School District has designated portions of the unreserved fund balance to earmark resources for certain government-wide liabilities and postemployment obligations that are not recognized in the governmental funds. Fund balances for capital projects are restricted by State law to be spent for the purpose of the fund and are not available for spending at the School District's discretion.

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

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

General Fund Budgetary Highlights

The budgetary comparison information in Supplemental Schedule #2 presents both adopted and final modified budget totals compared with actual results for the General Fund for the year ended June 30, 2020. The significant variances between the adopted and the final budget for 2020 were as follows:

Adopted Budget	\$ 166,760,407
2019 Additional Appropriations:	
Encumbrances Carryover	2,210,353
Budget revisions	<u>-</u>
Final Budget	<u>\$ 168,970,760</u>

Capital Assets and Debt Administration

Capital Assets

At June 30, 2020, the District had approximately \$149 million invested in a broad range of capital assets including buildings, transportation equipment, computer equipment, and furniture and fixtures. Table 4 categorically illustrates the District's capital assets net of related depreciation.

Capital Assets at Year End

Table 4
Capital Assets at Year End, (Net of Depreciation)

	Capital Assets		Percent Change
	2020	2019	
Land	\$ 2,129,541	\$ 2,129,541	0.00%
Buildings and Improvements	216,943,799	216,846,911	0.04%
Equipment	29,527,770	28,726,879	2.79%
Construction in Progress	8,121,802	2,594,779	213.01%
Less: Accumulated Depreciation	<u>(107,945,430)</u>	<u>(102,852,637)</u>	4.95%
 Total	 <u>\$ 148,777,482</u>	 <u>\$ 147,445,473</u>	 0.90%

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

Long-Term Obligations

At June 30, 2020, the District had approximately \$386 million in long-term obligations. Table 5 provides a summary of the obligations. The notes to the basic financial statements provide additional details regarding these obligations.

Table 5
Outstanding Long-term Obligations, at Year End

	District-Wide		Percent Change
	2020	2019	
General Obligation Bonds (Financed with Property Taxes)	\$ 22,164,843	\$ 24,723,027	-10.35%
Other Postemployment Benefits	344,796,888	274,149,344	25.77%
Pension Liabilities	16,216,507	4,368,179	271.24%
Compensated Absences	2,725,326	2,341,228	16.41%
Total Long-term Obligations	\$ 385,903,564	\$ 305,581,778	26.28%

The state limits the amount of general obligation debt that district's can issue to 10% of the assessed value of all taxable property within the District's geographic limits. The District's outstanding general obligation debt of \$22.2 million is significantly below the state-imposed debt limit.

Factors Bearing on the District's Future

- Employer contributions for Teachers' Retirement System and Employees' Retirement System may continue to fluctuate.
- The District receives substantial financial assistance from New York State (State) in the form of State Aid. Approximately 41% of estimated revenues is from State Aid for fiscal year 2021. If the State should not adopt its budget (by 3/31 each year) in a timely manner in any year, the District may be affected by a delay in the payment of State Aid. The State is not constitutionally obligated to maintain or continue State Aid to the District. No assurance can be given that present State Aid levels will be maintained in the future.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School District Business Office at 5355 W. Taft Road, North Syracuse, New York 13212.

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2020

ASSETS	
Cash	
Unrestricted	\$ 35,642,505
Restricted	20,885,270
Receivables	
State and federal aid	6,685,902
Due from fiduciary funds	6,108
Due from other governments	2,703,668
Other	107,959
Inventories	
Capital assets, net	148,777,482
Net pension asset- proportionate share	9,667,557
Total assets	224,617,169
DEFERRED OUTFLOW OF RESOURCES	
Defeasance on advanced refunding of bonds	188,769
Other postemployment benefits	51,864,197
Pensions	42,327,537
Total deferred outflow of resources	94,380,503
Total assets and deferred outflow of resources	\$ 318,997,672
LIABILITIES	
Accounts payable	\$ 1,623,287
Accrued liabilities	16,864,636
Due to fiduciary funds	306,467
Due to teachers' retirement system	6,274,855
Due to employees' retirement system	718,483
Notes payable	
Bond anticipation	13,897,755
Long-term obligations	
Due and payable within one year	
Bonds payable	4,307,729
Other postemployment benefits payable	15,729,843
Due and payable after one year	
Bonds payable	17,857,114
Other postemployment benefits payable	329,067,045
Compensated absences payable	2,034,326
Net pension liability-proportionate share	16,216,507
Total liabilities	424,898,047
DEFERRED INFLOW OF RESOURCES	
Pensions	13,705,488
Other postemployment benefits	71,383,881
Total deferred inflow of resources	85,089,369
NET POSITION	
Net investment in capital assets	112,903,653
Restricted	20,885,270
Unrestricted (deficit)	(324,778,667)
Total net position (deficit)	(190,989,744)
Total liabilities, deferred inflow of resources, and net position (deficit)	\$ 318,997,672

See notes to basic financial statements

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2020

	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS					
General support	\$ (18,266,228)	\$ (6,354,185)	\$ -	\$ -	\$ (24,620,413)
Instruction	(116,051,615)	(30,486,722)	466,584	4,097,133	(141,974,620)
Pupil transportation	(10,266,607)	(3,707,845)	-	-	(13,974,452)
Employee benefits	(41,198,273)	41,198,273	-	-	-
Debt service - interest	(863,506)	-	-	-	(863,506)
School lunch program	(2,291,451)	(649,521)	719,751	1,842,430	(378,791)
	<u>\$ (188,937,680)</u>	<u>\$ -</u>	<u>\$ 1,186,335</u>	<u>\$ 5,939,563</u>	<u>(181,811,782)</u>
GENERAL REVENUES					
Real property taxes					77,472,488
Other real property tax items					13,084,680
Nonproperty tax items					308,606
Use of money and property					1,172,886
Sale of property and compensation for loss					33,621
State sources					72,252,352
Federal sources					373,017
Local sources					5,906,777
Miscellaneous					2,334,199
					<u>172,938,626</u>
Change in net position					(8,873,156)
Total net position (deficit) - beginning of year					<u>(182,116,588)</u>
Total net position (deficit) - end of year					<u>\$ (190,989,744)</u>

See notes to basic financial statements

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2020

	General	Special Aid	School Lunch Fund	Debt Service	Capital Projects Fund	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	\$ 34,892,786	\$ 606,843	\$ 142,876	\$ -	\$ -	\$ 35,642,505
Restricted	9,723,894	-	-	1,958,511	9,202,865	20,885,270
Receivables						
State and federal aid	4,584,273	2,007,041	94,588	-	-	6,685,902
Due from other funds	4,211,168	472,644	48,692	1,191,857	4,286,749	10,211,110
Due from fiduciary funds	-	-	6,108	-	-	6,108
Due from other governments	482,400	2,221,268	-	-	-	2,703,668
Other	106,534	239	1,186	-	-	107,959
Inventories	-	-	140,718	-	-	140,718
Total assets	\$ 54,001,055	\$ 5,308,035	\$ 434,168	\$ 3,150,368	\$ 13,489,614	\$ 76,383,240
LIABILITIES						
Accounts payable	\$ 312,204	\$ 34,424	820	\$ 5,105	\$ 1,270,734	\$ 1,623,287
Accrued liabilities	16,307,994	286,686	-	-	229,858	16,824,538
Due to other funds	4,808,085	4,059,055	148,251	-	1,195,719	10,211,110
Due to fiduciary funds	306,235	-	232	-	-	306,467
Due to teachers' retirement system	6,274,855	-	-	-	-	6,274,855
Due to employees' retirement system	718,483	-	-	-	-	718,483
Notes payable						
Bond anticipation	-	-	-	-	13,897,755	13,897,755
Total liabilities	28,727,856	4,380,165	149,303	5,105	16,594,066	49,856,495
FUND BALANCES						
Nonspendable:						
Reserved for inventory	-	-	140,718	-	-	140,718
Prepaid expenditures	48,692	-	-	-	-	48,692
Restricted for:						
Reserved for tax certiorari	2,038,519	-	-	-	-	2,038,519
Reserved for workers' compensation	2,147,240	-	-	-	-	2,147,240
Reserved for liability	19,184	-	-	-	-	19,184
Reserved for employee benefits	1,800,000	-	-	-	-	1,800,000
Reserved for retirement contributions	2,000,000	-	-	-	-	2,000,000
Reserved for teacher's retirement contributions	1,200,000	-	-	-	-	1,200,000
Reserved for capital projects	518,951	-	-	-	-	518,951
Restricted for special aid programs	-	927,870	-	-	-	927,870
Assigned to:						
Assigned appropriated fund balance	5,000,000	-	70,000	-	-	5,070,000
Assigned unappropriated fund balance	731,792	-	74,147	3,145,263	-	3,951,202
Unassigned:						
Unassigned fund balance	9,768,821	-	-	-	(3,104,452)	6,664,369
Total fund balances	25,273,199	927,870	284,865	3,145,263	(3,104,452)	26,526,745
Total liabilities and fund balances	\$ 54,001,055	\$ 5,308,035	\$ 434,168	\$ 3,150,368	\$ 13,489,614	\$ 76,383,240

See notes to basic financial statements

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position

June 30, 2020

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash				
Unrestricted	\$ 35,642,505	\$ -	\$ -	\$ 35,642,505
Restricted	20,885,270	-	-	20,885,270
Receivables				
State and federal aid	6,685,902	-	-	6,685,902
Due from other funds	10,211,110	-	(10,211,110)	-
Due from fiduciary funds	6,108	-	-	6,108
Due from other governments	2,703,668	-	-	2,703,668
Other	107,959	-	-	107,959
Inventories	140,718	-	-	140,718
Capital assets, net	-	148,777,482	-	148,777,482
Net pension asset- proportionate share	-	9,667,557	-	9,667,557
Total assets	<u>76,383,240</u>	<u>158,445,039</u>	<u>(10,211,110)</u>	<u>224,617,169</u>
DEFERRED OUTFLOW OF RESOURCES				
Defeasance on advanced refunding of bonds	-	188,769	-	188,769
Other postemployment benefits	-	51,864,197	-	51,864,197
Pensions	-	42,327,537	-	42,327,537
Total deferred outflow of resources	<u>-</u>	<u>94,380,503</u>	<u>-</u>	<u>94,380,503</u>
	<u>\$ 76,383,240</u>	<u>\$ 252,825,542</u>	<u>\$ (10,211,110)</u>	<u>\$ 318,997,672</u>
LIABILITIES				
Payables				
Accounts payable	\$ 1,623,287	\$ -	\$ -	\$ 1,623,287
Accrued liabilities	16,824,538	40,098	-	16,864,636
Due to other funds	10,211,110	-	(10,211,110)	-
Due to fiduciary funds	306,467	-	-	306,467
Due to employees' retirement system	718,483	-	-	718,483
Due to teacher's retirement system	6,274,855	-	-	6,274,855
Notes payable				
Bond anticipation	13,897,755	-	-	13,897,755
Long-term debt-due within one year				
Bonds payable	-	4,307,729	-	4,307,729
Other postemployment benefits payable	-	15,729,843	-	15,729,843
Long-term debt-due in more than one year				
Bonds payable	-	17,857,114	-	17,857,114
Other postemployment benefits payable	-	329,067,045	-	329,067,045
Compensated absences	-	2,034,326	-	2,034,326
Net pension liability- proportionate share	-	16,216,507	-	16,216,507
Total liabilities	<u>49,856,495</u>	<u>385,252,662</u>	<u>(10,211,110)</u>	<u>424,898,047</u>
DEFERRED INFLOW OF RESOURCES				
Pensions	-	13,705,488	-	13,705,488
Other post employment benefits	-	71,383,881	-	71,383,881
	<u>-</u>	<u>85,089,369</u>	<u>-</u>	<u>85,089,369</u>
FUND BALANCE/NET ASSETS				
Total fund balance/net position	<u>26,526,745</u>	<u>(217,516,489)</u>	<u>-</u>	<u>(190,989,744)</u>
	<u>\$ 76,383,240</u>	<u>\$ 252,825,542</u>	<u>\$ (10,211,110)</u>	<u>\$ 318,997,672</u>

See notes to basic financial statements

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2020

	General	Special Aid	School Lunch Fund	Debt Service	Capital Projects Fund	Governmental Funds
REVENUES						
Real property taxes	\$ 77,472,488	\$ -	\$ -	\$ -	\$ -	\$ 77,472,488
Other real property tax items	13,084,680	-	-	-	-	13,084,680
Nonproperty tax items	308,606	-	-	-	-	308,606
Charges for services	466,584	-	-	-	-	466,584
Use of money and property	1,155,478	-	195	17,213	-	1,172,886
Sale of property and compensation for loss	33,621	-	-	-	-	33,621
State sources	69,839,508	2,331,213	64,571	-	17,060	72,252,352
Sales	-	-	719,751	-	-	719,751
State and local sources- Main Street Program	-	5,906,777	-	-	-	5,906,777
Local sources / Miscellaneous	1,918,780	252,504	53,949	108,966	-	2,334,199
Federal sources	373,017	4,097,133	1,842,430	-	-	6,312,580
Total revenues	164,652,762	12,587,627	2,680,896	126,179	17,060	180,064,524
EXPENDITURES						
General support	13,593,669	-	-	85,491	-	13,679,160
Instruction	87,859,652	11,968,789	-	-	-	99,828,441
Pupil transportation	8,005,005	-	-	-	-	8,005,005
Cost of sales	-	-	2,291,451	-	-	2,291,451
Employee benefits	40,548,752	-	649,521	-	-	41,198,273
Debt service						
Principal	6,104,939	-	-	-	-	6,104,939
Interest	1,248,744	-	-	-	-	1,248,744
Capital outlay	260,062	255,157	-	-	7,108,940	7,624,159
Total expenditures	157,620,823	12,223,946	2,940,972	85,491	7,108,940	179,980,172
Excess (deficiency) of revenues over expenditures	7,031,939	363,681	(260,076)	40,688	(7,091,880)	84,352
OTHER FINANCING SOURCES AND USES						
Proceeds from serial bonds	-	-	-	-	1,690,000	1,690,000
Premium on obligations	-	-	-	350,491	-	350,491
Payment to escrow agent for advanced refunding	-	-	-	-	-	-
BANs redeemed from appropriations	-	-	-	-	1,544,939	1,544,939
Interfund transfers	(4,404,559)	92,701	25,109	815,000	3,471,749	-
Total other sources (uses)	(4,404,559)	92,701	25,109	1,165,491	6,706,688	3,585,430
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	2,627,380	456,382	(234,967)	1,206,179	(385,192)	3,669,782
Fund balance - beginning of year	22,645,819	471,488	519,832	1,939,084	(2,719,260)	22,856,963
Fund balance - end of year	\$ 25,273,199	\$ 927,870	\$ 284,865	\$ 3,145,263	\$ (3,104,452)	\$ 26,526,745

See notes to basic financial statements

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT

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

For the Year Ended June 30, 2020

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	\$ 77,472,488	\$ -	\$ -	\$ -	\$ 77,472,488
Other real property tax items	13,084,680	-	-	-	13,084,680
Nonproperty tax items	308,606	-	-	-	308,606
Charges for services	466,584	-	-	-	466,584
Use of money and property	1,172,886	-	-	-	1,172,886
Sale of property and compensation for loss	33,621	-	-	-	33,621
State sources	72,252,352	-	-	-	72,252,352
Federal sources	6,312,580	-	-	-	6,312,580
Sales - school lunch	719,751	-	-	-	719,751
Local sources	5,906,777	-	-	-	5,906,777
Miscellaneous	2,334,199	-	-	-	2,334,199
Total revenues	180,064,524	-	-	-	180,064,524
EXPENDITURES/EXPENSES					
General support	13,679,160	3,087,901	188,625	1,310,542	18,266,228
Instruction	99,828,441	4,954,846	4,715,619	6,552,709	116,051,615
Pupil transportation	8,005,005	-	1,387,906	873,696	10,266,607
School lunch program	2,291,451	-	-	-	2,291,451
Employee benefits	41,198,273	-	-	-	41,198,273
Debt service	7,353,683	-	-	(6,490,177)	863,506
Capital outlay	7,624,159	-	(7,624,159)	-	-
Total expenditures/expenses	179,980,172	8,042,747	(1,332,009)	2,246,770	188,937,680
Excess (deficiency) of revenues over expenditures/expenses	84,352	(8,042,747)	1,332,009	(2,246,770)	(8,873,156)
OTHER SOURCES AND USES					
Proceeds from debt	1,690,000	-	-	(1,690,000)	-
Premium on obligations	350,491	-	-	(350,491)	-
BANs redeemed from appropriations	1,544,939	-	-	(1,544,939)	-
Total other sources (uses)	3,585,430	-	-	(3,585,430)	-
Net change for the year	\$ 3,669,782	\$ (8,042,747)	\$ 1,332,009	\$ (5,832,200)	\$ (8,873,156)

See notes to basic financial statements

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

June 30, 2020

	Private Purpose Trusts	Agency
	<u> </u>	<u> </u>
ASSETS		
Restricted cash	\$ 44,272	\$ 852,477
Accounts receivable	-	1,303
Due from other funds	-	306,467
	<u> </u>	<u> </u>
Total assets	<u><u>\$ 44,272</u></u>	<u><u>\$ 1,160,247</u></u>
LIABILITIES		
Extraclassroom activity balances	\$ -	\$ 322,108
Due to other funds	-	6,108
Other liabilities	-	832,031
	<u> </u>	<u> </u>
Total liabilities	<u> </u>	<u><u>\$ 1,160,247</u></u>
NET POSITION		
Reserved for scholarships	<u>44,272</u>	
	<u><u>\$ 44,272</u></u>	

See notes to basic financial statements

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2020

	<u>Private Purpose Trusts</u>
ADDITIONS	
Gifts and contributions	<u>\$ 17,065</u>
DEDUCTIONS	
Scholarships and awards	<u>16,769</u>
Change in net position	296
Net position - beginning of year	<u>43,976</u>
Net position - end of Year	<u><u>\$ 44,272</u></u>

See notes to basic financial statements

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of Certain Significant Accounting Policies

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

A) Reporting entity:

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

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

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

i) Extraclassroom Activity Funds

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

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Certain Significant Accounting Policies (continued)

B) Joint venture:

The District is a component district in Onondaga-Cortland-Madison Board of Cooperative Education Services (OCMBOCES). There are 23 participating school districts, including North Syracuse, in OCMBOCES. The participation in OCMBOCES is accounted for as a joint venture by the District since it has both an ongoing financial interest and an ongoing financial responsibility to OCMBOCES. The District has an ongoing financial interest since OCMBOCES pays surpluses to the component districts on an annual basis, although the District has no equity interest in OCMBOCES. The District does not control the financial or operating policies of OCMBOCES, however, it has an ongoing financial responsibility since the continued existence of OCMBOCES depends on continued funding from the participating school districts.

A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

During the year, the District was billed \$17,882,833 for OCMBOCES administrative and program costs. The District's share of OCMBOCES aid amounted to \$4,722,493. Financial statements for the BOCES are available from the BOCES administrative office. As of June 30, 2019 (the most recent available audited financial statements), OCMBOCES has a total net position (deficit) of \$(185,984,679).

C) Basis of presentation:

i) District-wide statements:

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

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Certain Significant Accounting Policies (continued)

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. 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.

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

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and State grants, that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

Special Aid Fund: Used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants.

School Lunch Fund: Use to account for transactions of the lunch and breakfast programs.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplementary schedules either separately or in the aggregate.

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

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Certain Significant Accounting Policies (continued)

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

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

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

D) Measurement focus and basis of accounting:

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

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

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year.

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

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Certain Significant Accounting Policies (continued)

E) Property taxes:

Real property taxes are levied annually by the Board of Education no later than September 1, 2019. Taxes were collected during the period September 2, 2019 to October 31, 2019.

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

F) Restricted resources:

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

G) Interfund transactions:

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

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

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

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

H) Estimates:

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

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Certain Significant Accounting Policies (continued)

I) Cash and investments:

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

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

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies; obligations of the State and its municipalities and Districts and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations (if permitted by the District's policy). Investments are stated at fair value.

J) Accounts receivable:

Accounts receivable are shown net of an allowance for uncollectible accounts, when applicable. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K) Inventories and prepaid items:

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

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

A reserve for these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

L) Other assets:

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

In the district-wide financial statements, bond issuance costs are capitalized and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Certain Significant Accounting Policies (continued)

M) Capital assets:

Capital assets acquisitions are reported at historical costs. Donated assets are reported at estimated fair market value at the time received. Land and construction in progress are not depreciated. 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 are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 50,000	Straight Line	50 yrs
Building improvements	\$ 25,000	Straight Line	25 yrs
Vehicles	\$ 20,000	Straight Line	5 yrs
Furniture and equipment	\$ 5,000	Straight Line	5 yrs

N) Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance 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 four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Certain Significant Accounting Policies (continued)

O) Pension Obligations

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS) (the Systems).

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 Statute. The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information 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 NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

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 (NYSRSSL). 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. 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 or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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.

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Certain Significant Accounting Policies (continued)

O) Pension Obligations (continued)

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

	NYSTRS	NYSERS
2019-2020	\$ 6,963,724	\$ 2,662,453
2018-2019	6,596,288	2,669,923
2017-2018	6,126,579	2,624,818

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year.

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

	ERS	TRS
Actuarial valuation date	4/1/2019	6/30/2018
Net pension asset/ (liability)	\$ (16,216,507)	\$ 9,667,557
District's portion of the Plan's total net pension asset/ (liability)	0.0612392%	0.372114%

For the year ended June 30, 2020, the District recognized its proportionate share of pension expense of \$5,845,002 for ERS and the actuarial value \$11,925,996 for TRS. At June 30, 2020 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflow of resources		Deferred inflow of resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 954,407	\$ 6,551,457	\$ -	\$ 718,898
Changes of assumption	326,524	18,263,309	281,948	4,453,111
Net difference between projected and actual earnings on pension plan investments	8,313,370	-	-	7,752,882
Changes in proportion and differences between the District's contributions and proportionate share of contributions	700,285	254,461	27,455	471,194
District's contribution subsequent to the measurement date	-	6,963,724	-	-
Total	\$ 10,294,586	\$ 32,032,951	\$ 309,403	\$ 13,396,085

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Certain Significant Accounting Policies (continued)

O) Pension Obligations (continued)

District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended March 31, 2021 for ERS and June 30, 2020 for TRS. Other amounts reported as deferred outflows of resources, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended:	ERS	TRS
2020	\$ -	\$ 4,344,137
2021	1,817,053	247,922
2022	2,539,261	4,328,284
2023	3,144,915	2,862,800
2024	2,483,954	278,119
Thereafter	-	(388,121)
	\$ 9,985,183	\$ 11,673,141

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 valuation used the following actuarial assumptions:

	ERS	TRS
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Discount rate	6.80%	7.10%
Salary scale	3.00% - 6.00%	1.90%-4.72%
Decrement tables	April 1, 2010- March 31, 2015 System's Experience	July 1, 2009- June 30, 2014 System's Experience
Inflation rate	2.50%	2.20%

For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale AA. For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014. 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, 2015. For ERS, the actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Certain Significant Accounting Policies (continued)

O) Pension Obligations (continued)

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

	ERS		TRS	
	Target Allocation 2020	Long-term expected Real rate of return 2020	Target Allocation 2019	Long-term expected Real rate of return 2019
Domestic equity	36%	4.05%	33%	6.30%
International equity	14%	6.15%	16%	7.80%
Real estate	10%	4.95%	11%	4.60%
Private equities	10%	6.75%	8%	9.90%
Domestic fixed income securities	0%	0.00%	16%	1.30%
Global fixed income securities	0%	0.00%	2%	0.90%
Mortgages	17%	0.75%	0%	0.00%
Short-term	0%	0.00%	0%	0.00%
High-yield fixed income securities	0%	0.00%	1%	3.60%
Private debt	0%	0.00%	1%	6.50%
Real estate debt	0%	0.00%	7%	2.90%
Opportunistic portfolio	3%	4.65%	0%	0.00%
Cash	1%	0.00%	1%	0.30%
Inflation-indexed bonds	4%	0.50%	0%	0.00%
Absolute return strategies *	2%	3.25%	0%	0.00%
Global equities	0%	0.00%	4%	7.20%
Real assets	3%	5.95%	0%	0.00%
	<u>100%</u>	<u>6.80%</u>	<u>100%</u>	<u>7.10%</u>

The real rate of return is net of the long-term inflation assumption of 2.5% for ERS and 2.3% for TRS.

*Excludes equity- oriented long-only funds. For investment management purposes, these funds are included in domestic equity and international equity.

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Certain Significant Accounting Policies (continued)

O) Pension Obligations (continued)

The discount rate used to calculate the total pension asset/(liability) was 6.80% for ERS and 7.10% 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 determined. Based upon the assumptions, the System's 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).

The following presents the District's proportionate share of the net pension asset/(liability) as of June 30, 2020 calculated using the discount rate of 6.80% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (5.80% for ERS and 6.10% for TRS) or 1-percentage point higher (7.80% for ERS and 8.10% for TRS) than the current rate:

ERS	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Employer's proportionate share of the net pension asset (liability)	\$ (29,761,870)	\$ (16,216,507)	\$ (3,741,171)
TRS	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
Employer's proportionate share of the net pension asset (liability)	\$ (43,638,344)	\$ 9,667,557	\$ 54,385,192

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

Collective pension expense includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2020 is \$8,989,670,000 for ERS and \$3,209,970,774 for TRS.

Payables to the Pension Plan

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

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Certain Significant Accounting Policies (continued)

employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$6,274,855.

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, 2020 represent the projected employer contributions for the period of April 1, 2020 through June 30, 2020 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$718,483 of employer contributions. Employee contributions are remitted monthly.

P) Unearned revenue:

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

Q) Vested employee benefits:

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave. District employees are granted vacation in varying amounts, based primarily on length of service and position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end. In the fund statements only, the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you-go basis.

R) Other benefits:

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System. District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457. In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as expenditure.

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Certain Significant Accounting Policies (continued)

R) Short-term debt:

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. Such notes may be classified as part of the General Long-Term Debt Account Group 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 BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

S) Accrued liabilities and long-term obligations:

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

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

T) Equity classifications:

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

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

Restricted net position – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Certain Significant Accounting Policies (continued)

T) Equity classifications: (continued)

Unrestricted net position – reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

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

Non-spendable fund balance – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$140,718 and prepaid expenditures of \$48,692 in the General Fund.

Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General fund are classified as restricted fund balance. The District has established the following restricted fund balances:

Liability Claims and Property Loss

According to Education Law §1709(8)(c), funds must be used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type reserve fund may be utilized only by school districts, except city school district with a population greater than 125,000.

Workers' Compensation

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

Tax Certiorari Reserve

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

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Certain Significant Accounting Policies (continued)

T) Equity Classifications: (continued)

Capital

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

Employee Benefit

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

Retirement Contributions

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

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Certain Significant Accounting Policies (continued)

T) Equity Classifications: (continued)

Restricted fund balance includes the following at June 30, 2020:

General Fund:	
Liability claims and property loss	\$ 19,184
Tax certiorari	2,038,519
Capital reserve	518,951
Employee benefits	1,800,000
Teacher's retirement contributions	1,200,000
Retirement contributions	2,000,000
Workers compensation	2,147,240
	<u>\$ 9,723,894</u>
Special aid fund	<u>927,870</u>

Committed – includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the districts highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2020.

Assigned – includes amounts that are constrained by the district's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of the General Fund are classified as Assigned fund balance in the General Fund. Encumbrances reported in the General fund amounted to \$731,792. Appropriated fund balance in the General Fund amounted to \$5,731,792. Any remaining fund balance in other funds is considered assigned. The school lunch fund also reports assigned fund balance of \$144,147. As of June 30, 2020, the District's General Fund encumbrances were classified as follows:

General support	\$ 387,155
Instruction	35,326
Pupil transportation	309,311
	<u>\$ 731,792</u>

Unassigned – includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or a deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are also excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. For the year ended June 30, 2020, the balance of the District's unassigned fund in the General Fund exceeds the 4% limitation. See Supplemental Schedule #5 for more information.

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Certain Significant Accounting Policies (continued)

T) Equity Classifications: (continued)

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted sources. In order to calculate the amounts to report as restricted- net position and unrestricted- net position in the district-wide financial statements, a flow assumption must be made about the order in which resources are considered to be applied.

Order of Use of Fund Balance:

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

U) New accounting standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2020, the District implemented the following new standards issued by GASB:

GASB Statement No. 83- Certain Asset Retirement Obligations.

GASB Statement No. 88- Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements.

V) Future Changes in Accounting Standards

GASB Statement No. 84- Fiduciary Activities Effective for the year ending June 30, 2021

GASB Statement No. 87- Leases Effective for the year ending June 30, 2022

GASB Statement No. 89- Accounting for Interest Cost Incurred before the End of a Construction Period Effective for the year ending June 30, 2022

GASB Statement No. 90, Accounting and Financial Reporting for Majority Equity Interest, effective for the year ending June 30, 2021.

GASB Statement No. 91- Conduct Debt Obligations Effective for the year ending June 30, 2023.

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

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 2 - Explanation of Certain Differences between Fund Statements and District-Wide Statements

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

A) Total fund balances of governmental funds vs. net position of governmental activities:

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

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

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

i) Long-term revenue differences:

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

ii) Capital related differences:

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

iii) Long-term debt transaction differences:

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

iv) Pension differences:

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

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 2 - Explanation of Certain Differences between Fund Statements and District-Wide Statements (continued)

v) OPEB differences:

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

Note 3 – Stewardship, Compliance and Accountability

Budgets – The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted: The voters of the District approved the proposed appropriation budget for the General Fund.

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

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

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

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

The Capital Projects fund had a deficit fund balance of \$3,104,452. The District currently has Bond Anticipation Note in the amount of \$13,897,755 which is expected to be converted to a long-term financing obligation in the near future. When converted to long-term financing, the District will recognize the appropriate amount of revenue for this financing which will fund the current deficit balance.

The District made interfund transfers during the year, which exceeded amounts provided in the District's budget.

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 4 – Cash and Cash Equivalents

Total financial institution bank balances at year-end, per the bank, were approximately \$64,111,000. These deposits are insured or collateralized with securities held by the financial institution in the School District's name.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$20,885,270 within the governmental funds and \$896,749 in the fiduciary funds.

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2020 all deposits were fully insured and collateralized by the District's agent in the District's name.

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, State and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations.

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 5 - Capital Assets

Capital asset balances and activity were as follows:

	Beginning Balance	Additions	Deletions	Reclassifications	Ending Balance
Governmental activities:					
Capital assets that are not depreciated:					
Land	\$ 2,129,541	\$ -	\$ -	\$ -	\$ 2,129,541
Construction in progress	2,594,779	5,603,023	-	(76,000)	8,121,802
Total nondepreciable	4,724,320	5,603,023	-	(76,000)	10,251,343
Capital assets that are depreciated:					
Buildings	216,846,911	96,888	-	-	216,943,799
Furniture and equipment	28,726,879	2,000,248	(1,199,357)	-	29,527,770
Total depreciable assets	245,573,790	2,097,136	(1,199,357)	-	246,471,569
Less accumulated depreciation:					
Buildings	(84,946,959)	(3,957,153)	-	-	(88,904,112)
Furniture and equipment	(17,905,678)	(2,330,339)	1,194,699	-	(19,041,318)
Total accumulated depreciation	(102,852,637)	(6,287,492)	1,194,699	-	(107,945,430)
Total depreciated assets, net	\$ 147,445,473	\$ 1,412,667	\$ (4,658)	\$ (76,000)	\$ 148,777,482
Depreciation expense was charged to governmental functions as follows:					
General support		\$ 188,625			
Instruction		4,715,619			
Pupil transportation		1,383,248			
		\$ 6,287,492			

Note 6 - Short-Term Obligations

Transactions in short-term obligations for the year are summarized below:

	Beginning Balance	Issued	Redeemed	Ending Balance
BAN maturing 8/7/20 at 2.00%	\$ 3,430,000	\$ 7,960,000	\$ 2,018,030	\$ 9,371,970
BAN maturing 8/7/20 at 2.00%	4,501,602	1,506,091	1,481,908	4,525,785
	\$ 7,931,602	\$ 9,466,091	\$ 3,499,938	\$ 13,897,755

The BANs are general obligations of the District. The purpose of the BANs were to provide financing for buses and several ongoing voter approved capital projects (fueling station, bear road, junior high roof and gym, roof reconstruction project).

Interest incurred on short-term debt for the year was approximately \$218,000.

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 7- Long-Term Obligations

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

The School District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The provisions will be in the General Fund's future budgets for capital indebtedness.

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

	Beginning Balance	Additions	Deletions	Ending Balance	One Year
Government Activities					
Bonds Payable	\$ 24,723,027	\$ 2,040,491	\$ 4,598,675	\$ 22,164,843	\$ 4,307,729
Other Obligations					
Net pension liability	4,368,179	11,848,328	-	16,216,507	16,216,507
Other postemployment benefits payable	274,149,344	77,640,442	6,992,898	344,796,888	15,729,843
Compensated absences	3,142,852	384,098	801,624	2,725,326	691,000
Total Long-term Obligations	<u>\$ 306,383,402</u>	<u>\$ 91,913,359</u>	<u>\$ 12,393,197</u>	<u>\$ 385,903,564</u>	<u>\$ 36,945,079</u>

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

Interest on long-term obligations for the year was comprised of:

Interest paid	\$ 1,030,625
Less: interest accrued in the prior year	(42,943)
Plus: interest accrued in the current year	<u>40,098</u>
Interest expense	<u>\$ 1,027,780</u>

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 7- Long-Term Obligations (continued)

The following is a schedule of bonds outstanding at June 30, 2020:

Payable from/ Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
Refunding of 2001, 2004 and 2006 Bonds	9/18/2012	14,235,000	6/15/2021	2.00-5.00%	\$ 1,000,000
Refunding of 2007 Bonds	2/13/2007	12,930,000	6/15/2024	4.00-5.00%	6,305,000
Serial Bonds	8/15/2013	13,575,000	6/15/2026	2.00-3.75%	7,120,000
Refunding of 2010D Bonds	11/9/2017	2,810,000	6/15/2037	2.00%-5.00%	2,790,000
Premium on 2010D Bond Refunding	11/9/2017	307,215	6/15/2037	NA	261,133
Serial Bonds	8/11/2017	2,665,000	6/15/2030	3.00%-5.00%	2,295,000
Premium on 2017 Serial Bond	8/11/2017	459,185	6/15/2030	NA	353,219
Revenue Bond (2020A)	6/17/2020	815,000	6/15/2032	5.00%	815,000
Revenue Bond (2020A)	6/17/2020	875,000	6/15/2034	5.00%	875,000
Premium on 2020A Bond	6/17/2020	168,944	6/15/2032	NA	168,944
Premium on 2020A Bond	6/17/2020	181,547	6/15/2034	NA	181,547
					<u>\$ 22,164,843</u>

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

Fiscal year ended June 30,	Principal	Premium	Interest	Total
2021	\$ 4,230,000	\$ 77,729	\$ 937,936	\$ 5,245,665
2022	3,445,000	77,729	728,025	4,250,754
2023	3,595,000	77,729	580,575	4,253,304
2024	2,715,000	77,729	425,663	3,218,392
2025	1,845,000	77,729	310,363	2,233,092
2026-2030	3,805,000	388,645	731,656	4,925,301
2031-2035	1,240,000	156,832	180,431	1,577,263
2036-2040	325,000	30,721	15,925	371,646
Totals	<u>\$ 21,200,000</u>	<u>\$ 964,843</u>	<u>\$ 3,910,574</u>	<u>\$ 26,075,417</u>

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 7- Long-Term Obligations (continued)

In 2018, \$2,810,000 in general obligation bonds were issued to advance refund \$2,800,000 of 2010 outstanding bonds. The net proceeds were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide all future debt service payments on those bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. This refunding created a defeasance of refunded debt of \$212,365. This defeasance of has been recorded as a deferred outflow of resources and will be amortized over a period of 18 years, the life of the bond. This amortization results in annual reduction of interest expense of \$11,798. There are approximately \$210,000 of unrefunded bond payments remaining as of June 30, 2020.

Note 8 – Interfund Balances and Activity

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 4,211,168	\$ 5,114,320	\$ 128,674	\$ 4,533,233
Special Aid Fund	472,644	4,059,055	221,375	128,674
School Lunch Fund	54,800	148,483	25,109	-
Debt Service Fund	1,191,857	-	815,000	-
Capital Projects Fund	4,286,749	1,195,719	4,286,749	815,000
Total government activities	10,217,218	10,517,577	5,476,907	5,476,907
Fiduciary Agency Fund	306,467	6,108	-	-
	<u>\$ 10,523,685</u>	<u>\$ 10,523,685</u>	<u>\$ 5,476,907</u>	<u>\$ 5,476,907</u>

The District typically transfers from the General Fund to the Capital Fund to fund capital renovations and additions. The district also transfers from the General Fund to the Special Aid fund the local portion of the Special Education Summer School Program. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

Note 9 – Pension Plans

General Information

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability. See footnote 1 for further plan details.

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 10 – Post-employment benefit obligation payable:

A. General information about the plan and benefits.

Plan Description- The District administers a defined benefit OPEB plan that provides OPEB for all permanent full-time general employees of the District. The plan is a single-employer defined benefit OPEB plan (the Plan) administered by Article 11 of the State Compiled Statutes which grants the authority to establish and amend benefit terms and financing requirements to the District Board, subject to applicable collective bargaining and employee agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Funding Policy- The obligations of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employees are required to reach age 55 and have 3 to 15 years of service to qualify for other post-employment benefits. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis. During the year ended June 30, 2020 approximately \$4,933,000 was paid on behalf of 974 retirees.

Benefits Provided- The District provides for continuation of medical and/or Medicare Part B benefits for certain retirees and their spouses. The benefit terms are dependent on which contract each employee falls under, retirees and their spouses receive benefits for the lifetime of the retired employee. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms – At June 30, 2020 the following employees were covered by the benefit terms:

Retirees and Survivors	1,035
Active employees	<u>1,135</u>
	<u><u>2,170</u></u>

The District's total OPEB liability of \$344,796,888 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019.

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 10 – Post-employment benefit obligation payable: (continued)

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

Inflation	2.6% (Based on CPI)
Salary Increases	Varied by years of service and retirement system
Discount Rate	2.21% (Bond Buyer GO 20-Bond Municipal Bond Index)
Healthcare Cost Trend Rates	6.1% to 4.1% over 57 years
Excise Tax Limits	3.0% for 2022-2023, 2.50% for 2024 and all subsequent years

The Discount rate was based on the Bond Buyer Weekly 20-Bond GO Index

Mortality rates were based on RPH-2014 Mortality Table, as appropriate, with adjustments for mortality improvements based on Scale AA.

Retirement participation rate assumed that 85% of eligible Teachers and Instructional Administrators and 75% of participants other than Teachers and Instructional Administrators will elect medical coverage at retirement age, and 48% of active member's spouses will elect medical coverage. Additionally, a tiered approach based on age and years of service was used to determine retirement rate assumption.

Termination rates are based on tables used by the New York State Teachers' Retirement System and the New York State and Local Retirement System for female employees. Rates are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement.

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 10 – Post-employment benefit obligation payable: (continued)

Changes in the Total OPEB Liability

Balance at June 30, 2019	\$ 274,149,344
<u>Changes for the Year</u>	
Service cost	9,760,711
Interest	9,815,529
Effect of plan changes	-
Effect of demographic gains or losses	-
Changes in assumptions or other inputs	58,064,202
Benefit payments	<u>(6,992,898)</u>
Net Changes	<u>70,647,544</u>
Balance at June 30, 2020	<u>\$ 344,796,888</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% in 2019 to 2.21% in 2020.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 412,836,493</u>	<u>\$ 344,796,888</u>	<u>\$ 291,273,575</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend 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 healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 278,630,932</u>	<u>\$ 344,796,888</u>	<u>\$ 433,357,449</u>

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 10 – Post-employment benefit obligation payable: (continued)

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$15,729,843. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,864,468	\$ (13,612,636)
Changes of assumptions or other inputs	49,999,729	(57,771,245)
	\$ 51,864,197	\$ (71,383,881)

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

Year Ended June 30,	Amount
2021	\$ (3,846,397)
2022	(3,846,397)
2023	(3,846,397)
2024	(3,846,397)
2025	(3,965,409)
Thereafter	168,687
	\$ (19,182,310)

Note 11– Unrestricted Net Position

Unrestricted net position in the General Fund consists of the following at June 30, 2020:

Designated for subsequent year's expenditures	\$ 5,000,000
Reserve for encumbrances	731,792
Unreserved	9,768,821
Total unrestricted net position	\$ 15,500,613

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 12 – Risk Management

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

Self- Insured Plans

The District has chosen to establish a self-funded dental benefit program for some of its employees. The benefit programs administrator, Delta Dental of New York, is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The benefit program reports on a fiscal year ending June 30. The program is accounted for in the General Fund of the District. At year-end, the District has a liability of \$99,500, which represents reported and unreported claims which were incurred on or before year-end, but which were not paid by the District as of that date. Claims activity is summarized below for the past two fiscal years:

	2019-20	2018-19
Claims and administration fees	\$ 550,191	\$ 586,208
Claim payments	(550,191)	(586,208)
Estimated incurred but not reported as of June 30, 2020	99,500	104,500
Balance at end of year	\$ 99,500	\$ 104,000

The District has also chosen to establish a self-funded health insurance program for some of its employees. Medical claims paid during the year ended June 30, 2020 amount to approximately \$25,835,000. Payments of claims and claim adjustment expenses are pooled for the group and each member's premiums are adjusted accordingly.

Note 13 – Lease Obligations (Operating Leases)

The District leases certain equipment, including copiers, technical equipment and fiber optics, under the terms of various non-cancelable leases through BOCES. Rental expense for the year was \$957,469.

Note 14 – Donor-Restricted Endowments

The District administers endowment funds, which are restricted by the donor for the purposes of student scholarships. Donor-restricted endowments are reported at fair value. The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

Note 15 – Commitments and Contingencies

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

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 16 – Tax Abatements

The Onondaga County Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development. The District's property tax revenue was reduced \$643,026. The District received payment in Lieu of Tax (PILOT) revenue of approximately \$378,800.

Note 17 – Subsequent Events

Management has evaluated subsequent events through October 5, 2020, which is the date the financial statements were available to be issued. On August 7, 2020, the District issued \$26,192,933 in bond anticipation notes at 1.50% maturing on August 6, 2021. The BAN is a general obligation of the District. The purpose of the BAN was to provide financing for buses, the Bear Road capital project and roof reconstruction projects. The proceeds of the BAN renewed \$11,984,933 of the BAN outstanding as of June 30, 2020 and provided \$14,208,000 of new monies for the projects.

The coronavirus that causes COVID-19 surfaced in December 2019 and early 2020. The spread of this virus globally in early 2020 has caused business disruption domestically in the United States, the area in which the District primarily operates. While the disruption is expected to be temporary, there is considerable uncertainty around the duration of this pandemic. The extent of the financial impact and duration of this matter, including the results of operations or cash flows, cannot be reasonably estimated at this time. Due to COVID 19 implications, in August 2020, the New York State Division of Budget (DOB) began withholding 20% of most local aid payments and that all or a portion of these withholds may be converted to permanent reductions, depending on the size and timing of new Federal aid, if any. This reduction in aid may significantly impact the District's 2020-2021 budget.

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

	2020	2019	2018
Measurement Date	July 1, 2019	July 1, 2019	July 1, 2017
Total OPEB Liability	\$ 344,796,888	\$ 274,149,344	\$ 354,384,840
Service Cost	9,760,711	12,660,625	11,176,303
Interest	9,815,529	10,910,104	10,408,641
Changes in benefit terms	-	(1,006,310)	-
Effect of demographic gains or losses	-	(18,306,648)	3,054,556
Changes in assumptions or other inputs	58,064,202	(77,692,365)	-
Benefit payments	(6,992,898)	(6,800,902)	(11,977,589)
Net change in total OPEB liability	70,647,544	(80,235,496)	12,661,911
Total OPEB liability- beginning	274,149,344	354,384,840	341,722,929
Total OPEB liability- ending	\$ 344,796,888	\$ 274,149,344	\$ 354,384,840
Covered payroll	\$ 67,917,013	\$ 67,917,013	\$ 75,345,468
Total OPEB liability as a percentage of covered payroll	507.67%	403.65%	470.35%

The District does not have assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* to pay OPEB benefits. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

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

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Required Supplementary Information - Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
For the year ended June 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual
REVENUES					
Local sources					
Real property taxes	\$ 76,209,332	\$ 76,209,332	\$ 77,472,488		\$ 1,263,156
Other tax items	14,379,161	14,379,161	13,084,680		(1,294,481)
Nonproperty taxes	300,000	300,000	308,606		8,606
Charges for services	608,900	608,900	466,584		(142,316)
Use of money and property	605,000	605,000	1,155,478		550,478
Sale of property and compensation for loss	18,000	18,000	33,621		15,621
Miscellaneous	960,000	960,000	1,918,780		958,780
Total local sources	<u>93,080,393</u>	<u>93,080,393</u>	<u>94,440,237</u>		<u>1,359,844</u>
State sources	68,880,014	68,880,014	69,839,508		959,494
Medicaid	450,000	450,000	373,017		(76,983)
Total revenues	<u>162,410,407</u>	<u>162,410,407</u>	<u>164,652,762</u>		<u>2,242,355</u>
OTHER FINANCING SOURCES					
Appropriated reserves	3,750,000	3,750,000	-		(3,750,000)
Transfer from other funds	600,000	600,000	128,674		(471,326)
Total revenues and other sources	<u>\$ 166,760,407</u>	<u>\$ 166,760,407</u>	<u>\$ 164,781,436</u>		<u>\$ (1,978,971)</u>
EXPENDITURES					
General support					
Board of education	183,897	192,893	177,506	-	15,387
Central administration	282,949	286,038	284,209	-	1,829
Finance	1,109,317	1,149,128	1,099,937	-	49,191
Staff	877,623	1,022,856	645,058	-	377,798
Central services	10,552,268	10,948,194	10,270,530	387,155	290,509
Special items	1,375,869	1,474,751	1,376,491	-	98,260
Total general support	<u>14,381,923</u>	<u>15,073,860</u>	<u>13,853,731</u>	<u>387,155</u>	<u>832,974</u>
Instruction					
Instruction, administration and improvement	5,081,071	6,016,210	5,963,592	-	52,618
Teaching - regular school	46,630,987	46,804,683	46,400,977	14,896	388,810
Programs for students with disabilities	20,251,586	21,456,573	21,458,484	2,386	(4,297)
Occupational education	2,255,635	2,705,016	2,684,576	-	20,440
Teaching - special schools	437,338	287,338	285,909	-	1,429
Instructional media	4,171,770	4,648,508	4,634,455	7,756	6,297
Pupil services	5,966,882	6,400,948	6,431,659	10,288	(40,999)
Total instruction	<u>84,795,269</u>	<u>88,319,276</u>	<u>87,859,652</u>	<u>35,326</u>	<u>424,298</u>
Pupil transportation	8,542,831	8,869,223	8,005,005	-	864,218
Employee benefits	51,176,731	44,614,162	40,548,752	309,311	3,756,099
Debt service	7,583,653	7,568,653	7,353,683	-	214,970
Total expenditures	<u>166,480,407</u>	<u>164,445,174</u>	<u>157,620,823</u>	<u>731,792</u>	<u>6,092,559</u>
OTHER FINANCING USES					
Transfer to other funds	280,000	4,525,586	4,533,233	-	(7,647)
Total expenditures and other uses	<u>\$ 166,760,407</u>	<u>\$ 168,970,760</u>	<u>162,154,056</u>	<u>\$ 731,792</u>	<u>\$ 6,084,912</u>
Net change in fund balance			2,627,380		
Fund balance - beginning			<u>22,645,819</u>		
Fund balance - ending			<u>\$ 25,273,199</u>		

Note To Required Supplementary Information

Budget Basis of Accounting

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

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Schedule of District Contributions
For the year ended June 30, 2020

<i>Teachers' Retirement System</i>						
	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 6,963,724	\$ 6,596,288	\$ 6,126,579	\$ 7,015,285	\$ 7,740,044	\$ 9,927,592
Contributions in relation to the contractually required contribution	<u>6,963,724</u>	<u>6,596,288</u>	<u>6,126,579</u>	<u>7,015,285</u>	<u>7,740,044</u>	<u>9,927,592</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 78,597,336	\$ 62,111,940	\$ 62,516,112	\$ 59,857,381	\$ 58,371,373	\$ 56,632,014
Contributions as a percentage of covered payroll	9%	11%	10%	12%	13%	18%
<i>Employees' Retirement System</i>						
	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,662,453	\$ 2,669,923	\$ 2,624,818	\$ 2,450,071	\$ 2,726,650	\$ 2,859,636
Contributions in relation to the contractually required contribution	<u>2,662,453</u>	<u>2,669,923</u>	<u>2,624,818</u>	<u>2,450,071</u>	<u>2,726,650</u>	<u>2,859,636</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 19,607,255	\$ 5,805,073	\$ 12,829,356	\$ 11,717,793	\$ 12,247,151	\$ 13,986,510
Contributions as a percentage of covered payroll	14%	46%	20%	21%	22%	20%

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

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Schedule of District's Proportionate Share of the Net Pension Asset (Liability)
For the year ended June 30, 2020

<i>Teachers' Retirement System</i>						
	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset (liability)	0.372114%	0.365994%	0.364309%	0.366509%	0.367501%	0.375712%
District's proportionate share of the net pension asset (liability)	\$ 9,667,557	\$ 6,618,132	\$ 2,769,112	\$ (3,925,462)	\$ 45,671,000	\$ 51,529,199
District's covered payroll	\$ 78,597,336	\$ 62,111,940	\$ 62,516,112	\$ 59,857,381	\$ 58,371,373	\$ 56,632,014
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	12%	11%	4%	-7%	78%	91%
Plan fiduciary net position as a percentage of the total pension asset (liability)	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%
<i>Employees' Retirement System</i>						
	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset (liability)	0.0612392%	0.0616513%	0.0612517%	0.0613486%	0.0619478%	0.0628019%
District's proportionate share of the net pension asset (liability)	\$ (16,216,507)	\$ (4,368,179)	\$ (1,976,865)	\$ (5,764,450)	\$ (9,942,788)	\$ (2,121,601)
District's covered payroll	\$ 19,607,255	\$ 5,805,073	\$ 12,829,356	\$ 11,717,793	\$ 12,247,151	\$ 13,986,510
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	83%	75%	15%	49%	81%	15%
Plan fiduciary net position as a percentage of the total pension asset (liability)	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

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

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit
For the year ended June 30, 2020

CHANGE FROM ADOPTED TO REVISED BUDGET

Adopted budget	\$ 166,760,407
Add prior year's encumbrances	<u>2,210,353</u>
Original budget	168,970,760
Budget revision:	<u>-</u>
Revised budget	<u><u>\$ 168,970,760</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-21 voter-approved expenditure budget maximum allowed (4% of 2020-21 budget)	\$ 172,567,744
General fund fund balance subject to Section 1318 of Real Property Tax Law*:	
Unrestricted fund balance:	
Assigned fund balance	5,731,792
Unassigned fund balance	<u>9,768,821</u>
Total unrestricted fund balance	<u>15,500,613</u>
Less:	
Appropriated fund balance	5,000,000
Encumbrances included in committed and assigned fund balance	<u>731,792</u>
Total adjustments	<u>5,731,792</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law	<u><u>\$ 9,768,821</u></u>
Actual percentage	5.66%

*Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of [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.

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

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Schedule of Project Expenditures - Capital Projects Fund
For the year ended June 30, 2020

PROJECT TITLE	Building/ Project Number	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance 06/30/2020
				Prior Years	Current Year	Total		Proceeds of Obligations	State Sources	Local Sources	Total	
2013-2014 Buses		\$ 1,298,137	\$ 1,298,137	\$ 1,297,789	\$ -	\$ 1,297,789	\$ 348	\$ -	\$ -	\$ 1,298,135	\$ 1,298,135	346
2014-2015 Buses		1,409,896	1,409,896	1,409,896	-	1,409,896	-	-	-	1,409,896	1,409,896	-
2015-2016 Buses		1,403,038	1,403,038	1,394,910	-	1,394,910	8,128	-	-	1,122,432	1,122,432	(272,478)
2016-2017 Buses		1,566,829	1,566,829	1,559,960	-	1,559,960	6,869	-	-	940,095	940,095	(619,865)
2017-2018 Buses		1,557,327	1,557,327	1,557,327	-	1,557,327	-	-	-	622,930	622,930	(934,397)
2018-2019 Buses		1,506,092	1,506,092	1,472,390	-	1,472,390	33,702	-	-	294,488	294,488	(1,177,902)
2019-2020 Buses		1,506,092	1,506,092	-	1,505,917	1,505,917	175	-	-	-	-	(1,505,917)
Gillette MS Add./Renov.	0-012-018	19,000,000	19,000,000	18,324,125	-	18,324,125	675,875	16,934,059	75,000	1,270,287	18,279,346	(44,779)
CNS Land Purchase/Renov.		580,000	580,000	604,631	-	604,631	(24,631)	-	-	455,000	455,000	(149,631)
Bear Road Renovation	0-002-014	20,900,000	21,968,000	1,532,939	1,230,071	2,763,010	19,204,990	-	-	7,503,767	7,503,767	4,740,757
Junior High Roof & Renovations	0-011-024	1,000,000	1,000,000	885,099	-	885,099	114,901	735,099	150,000	-	885,099	-
Fuel Station	7-052-001	1,600,000	1,600,000	1,080,030	-	1,080,030	519,970	875,000	332,641	60,090	1,267,731	187,701
Roxboro Middle Entrance	0-010-021	100,000	100,000	16,781	59,219	76,000	24,000	-	-	76,000	76,000	-
Allen Road Roof	0-001-019	980,400	980,400	135,582	704,590	840,172	140,228	-	-	-	-	(840,172)
Bear Road Roof	0-002-015	2,622,000	2,622,000	82,500	176,163	258,663	2,363,337	-	-	215,000	215,000	(43,663)
Junior High Roof	0-011-025	4,250,000	4,250,000	608,387	1,918,711	2,527,098	1,722,902	-	-	1,815,000	1,815,000	(712,098)
Gillette Roof	0-012-020	2,097,000	2,097,000	198,161	1,063,762	1,261,923	835,077	-	-	-	-	(1,261,923)
Gillette Batting Cage		-	-	678	-	678	(678)	-	-	-	-	(678)
CNS Pool		-	-	19,750	19,750	39,500	(39,500)	-	-	-	-	(39,500)
Non-Aidable purchases		-	-	-	200,163	200,163	(200,163)	-	-	-	-	(200,163)
Bear Road Additions		-	-	-	228,383	228,383	(228,383)	-	-	-	-	(228,383)
Allen Road Entrance		100,000	100,000	-	2,211	2,211	97,789	-	-	-	-	(2,211)
CNS Entrance	0-016-028	100,000	100,000	99,496	-	99,496	504	-	100,000	-	100,000	504
Total projects		\$ 63,576,811	\$ 64,644,811	\$ 32,280,431	\$ 7,108,940	\$ 39,389,371	\$ 25,255,440	\$ 18,544,158	\$ 657,641	\$ 17,083,120	\$ 36,284,919	\$ (3,104,452)

See paragraph on supplementary information included in auditor's report.

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT
Net Investment in Capital Assets
For the Year Ended June 30, 2020

Capital assets, net		\$ 148,777,482
Add (Deduct):		
Defeasance on advanced refunding of bonds	188,769	
Bond anticipation notes payable	(13,897,755)	
Short-term portion of bonds payable	(4,307,729)	
Long-term portion of bonds payable	(17,857,114)	
		(35,873,829)
Net investment in capital assets		\$ 112,903,653

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



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CERTIFIED PUBLIC ACCOUNTANTS PLLC

**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 (FOR A GOVERNMENTAL ENTITY)**

Independent Auditor's Report

To the Board of Education and
Management of North Syracuse Central School District

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, each major fund, and the aggregate remaining fund information of North Syracuse Central School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise North Syracuse Central School District's basic financial statements, and have issued our report thereon dated October 5, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying *schedule of findings and responses* as items 2020-1 and 2020-2 that we consider to be significant deficiencies.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Syracuse Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we have reported to management of North Syracuse Central School District in a separate letter dated October 5, 2020.

North Syracuse Central School District's Response to Findings

North Syracuse Central School District's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. North Syracuse Central School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Grossman St Amour CPAs". The signature is written in a cursive, flowing style.

Syracuse, New York
October 5, 2020



grossman st. amour

CERTIFIED PUBLIC ACCOUNTANTS PLLC

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

Board of Education
North Syracuse Central School District
North Syracuse, New York

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of North Syracuse 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 (CFR) Part 200, *Uniform Guidance 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 North Syracuse Central School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of North Syracuse 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 the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

Restricted Use

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.



Syracuse, New York
October 5, 2020

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards
For the year ended June 30, 2020

	Federal CFDA Number	Pass-Through Number	Passed Through to Subrecipients	Current Year Expenditures
U.S. Department of Education				
Direct awards:				
Native American Education Program	84.060			\$ 8,326
Passed through New York State Department of Education: (Grantor's No. 420303060000)				
Special Education Cluster:				
Special Education - Preschool Grants	84.027A	0032-20-0639		2,177,923
Special Education - Preschool Grants	84.027A	0032-19-0639		887
Special Education - Grants to States	84.173A	0033-20-0639		126,895
Total Special Education Cluster				2,305,705
Title I Cluster:				
Title I Grants to Local Educational Agencies (Title I, A)	84.010A	0021-20-2090		1,208,134
Title I Grants to Local Educational Agencies (Title I, A)	84.010A	0021-19-2090		40,529
Title I School Improvement Grant	84.010	0011-20-2640		165,876
Title I School Improvement Grant	84.010	0011-19-2640		324
				1,414,863
Improving Teacher Quality State Grants (Title II, A)	84.367A	0147-20-2090		209,233
Improving Teacher Quality State Grants (Title II, A)	84.367A	0147-19-2090		54,022
				263,255
English Language Acquisition Grants (Title III, A)	84.365A	0293-20-2090		20,195
English Language Acquisition Grants (Title III, A)	84.365A	0293-19-2090		13,220
				33,415
Student Support and Academic Enrichment (Title IV, A)	84.424A	0204-20-2090		30,253
Student Support and Academic Enrichment (Title IV, A)	84.424A	0204-19-2090		41,316
				71,569
Total U.S. Department of Education				4,097,133
U.S. Department of Agriculture				
Passed through New York State Department of Education (Grantor's No. 420303060000)				
Child Nutrition Cluster:				
School Breakfast Program	10.553			313,456
National School Lunch Program (cash assistance)	10.555			983,334
National School Lunch Program (non-cash assistance)	10.555			117,330
Summer Food Service for Children	10.559			428,310
Total U.S. Department of Agriculture				1,842,430
Total Expenditures of Federal Awards				\$ 5,939,563

The accompanying notes are an integral part of the schedule

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the North Syracuse Central School District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. CFDA numbers and pass-through numbers are provided, when available.

2. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is a summary of the activity of North Syracuse Central School District's federal award programs and presents transactions that are included in the financial statements of the District presented on the modified accrual basis of accounting, as required by accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

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

4. Food Distribution

The District is the recipient of a federal award program that does not result in cash receipts or disbursements. The District was granted approximately \$117,300 of commodities under the National School Lunch Program (CFDA 10.555).

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the year ended June 30, 2020

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's opinion issued: *unmodified*

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes 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 2 CFR 200.516(a)? Yes No

Identification of major programs:

Name of Federal Program or Cluster *CFDA Number(s)*

Title I 84.010A

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

Auditee qualified as low-risk? Yes No

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the year ended June 30, 2020

Section II. Financial Statement Findings

2020-1 - Oversight and Review

Criteria: Standards for Internal Control in New York State Government (March 2016) issued by the New York State Comptroller are expected to be adhered to by all governmental agencies in New York State, including school districts. The standards are based on the framework developed by COSO, the Internal Control-integrated framework (the Framework). Principle 3 of the framework states that management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.

Condition: We noted the District has numerous processes in place relevant to the internal control over financial reporting, however, we noted the following:

- **Journal entries:** several employees prepare and post journal entries to the various funds throughout the year within the general ledger system, however there is no supervisory review over the accuracy and completeness of the journal entries posted. This resulted in audit adjustments recorded during the course of the audit related to interfund balances not reconciling between funds of approximately \$67,000 and the General Fund's fund balance not agreeing to the previous year's financial statements by approximately \$41,000.
- **Bank reconciliations:** Bank reconciliations are completed for each account by various employees. There was no supervisory review of bank reconciliations throughout the year.
- **Cash receipt coding:** Cash receipts of approximately \$168,000 were miscoded to various accounts through the year and required audit adjustments for proper classification. There was no supervisory review of the accounts that were misclassified during the course of the year.
- **Payroll:** There are no formal annual salary agreements maintained for employees of the District. Annual salaries are updated manually on a personnel time card in the Human Resource department and checked against the payroll software periodically throughout the year. One instance was identified where the salary on the personnel card was written incorrectly due to a transposed number. In addition, an employee of the District received a five-year retroactive payment adjustment. The adjusted pay was properly written on the manual personnel card but did not match the payroll software. Upon review of the retroactive payment, it was identified that a stipend was entered into the software twice and the employee was overpaid by approximately \$500.

Cause: Policies and procedures are in place throughout the areas identified, however, specific supervisory responsibilities were not well defined, as such, supervisory review was not always evident in the areas identified.

Effect: In some instances, audit entries were required to correct identified errors such as balancing interfunds and reclassifying cash receipts to the proper account. The lack of supervisory review could potentially lead to other errors or misstatements that may not be detected in a timely manner or at all.

Recommendation: We recommend the District review its current policies and procedures and design procedures to ensure an appropriate level of supervisory review is occurring in the areas identified and in other areas that have significant financial reporting implications.

Views of Responsible Official and Planned Corrective Actions: We agree with the recommendation and will modify internal procedures to ensure proper supervisory review over these areas by June 30, 2021.

2020-2 - Government-wide Financial Statement Accounting

Criteria: GASB 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments requires that the basic financial statements include government-wide financial statements, which is prepared on the economic resources measurement focus and the accrual basis of accounting. The District has financial activity in the areas of capital assets, long-term debt, pensions and other postemployment benefits (OPEB) that are required to be reported in the government-wide financial statements.

Condition: The District uses a third party to track and report capital assets. The District is responsible for sending annual activity including additions and disposals and subsequently receives capital asset reports summarizing the District's assets. The various activity of capital assets are not recorded in an accounting fund and are directly recorded in the financial statements as audit adjustments. The net adjustment recorded in the financial statements for capital assets was \$1,332,009.

The District uses spreadsheets to track long-term debt and compensated absences and reports from other parties for pensions and OPEB. The various activity of these items are not recorded in an accounting fund and are directly recorded in the financial statements as audit adjustments. The adjustments recorded in the financial statements for liabilities were: 1) Bonds payable - \$2,558,184, 2) Pension - \$11,848,328, 3) OPEB - \$70,647,544 and 4) Compensated absences - \$417,526. In addition, adjustments of \$54,269,106 were recorded for deferred outflow of resources and \$8,434,465 for deferred inflow of resources related to pensions and OPEB.

Cause: There is no formal trial balance maintained in WinCap to track and record activity related to capital assets, long-term obligations and deferred inflows and outflows of resources.

Effect: The lack of a formal trial balance to track and record this financial activity could lead to an error or misstatement in the financial statements

Recommendation: Policies and procedures should be implemented by the District to ensure proper recording and tracking of capital assets, long-term obligations, deferred inflows and outflows of resource prior to the onset of the audit. The District should consider maintaining a separate general ledger fund within WinCap to track and record the activity of each long-term liability. The New York State Comptroller recommends the use of non-current governmental liabilities codes such as W628 for bonds payable, W632 for amounts due to state teacher's retirement system and W637 for amounts due to employees' retirement system.

Views of Responsible Official and Planned Corrective Actions: The District agrees with the recommendation and will put policies and procedures in place to ensure proper recording and tracking of capital assets, long-term liabilities and deferred inflows and outflows of resources. The District will maintain a separate general ledger fund within WinCap to track and record the activity by June 30, 2021.

Section III. Federal Award Findings and Questioned Costs

None reported

NORTH SYRACUSE CENTRAL SCHOOL DISTRICT

Status of Prior Audit Findings and Recommendations

There were no findings reported in fiscal year ended June 30, 2019.



**North Syracuse Central
School District**

"BRIGHTER TOGETHER"

Daniel D. Bowles
Superintendent of Schools
www.nscsd.org

Associate Superintendent for Business Services

Donald F.X. Keegan

5355 West Taft Road

North Syracuse, NY 13212

dkeegan@nscsd.org (315) 218-2119

October 5, 2020

New York State Education Department
Office of Audit Services
89 Washington Avenue, Room 524 EB
Albany, New York 12234

Re: Corrective Action Plan related to the 2019-2020 school year

Dear Office of Audit Services:

We have prepared our corrective action plan in regards to the Report on Internal Control over Financial Reporting and on Compliance and Other Matters, dated October 5, 2020 from our independent auditors, Grossman St. Amour CPAs PLLC. The following describes our corrective action plan as it relates to the financial statement findings for the 2019-2020 school year:

Finding 2020-1 - Oversight and Review:

The District has numerous processes in place relevant to the internal control over financial reporting, however, specific supervisory responsibilities were not well defined, as such, supervisory review was not always evident in the areas identified. We concur with the finding and recommendations and will modify our internal procedures to ensure proper supervisory review over these areas by June 30, 2021.

Finding 2020-2- Government-wide Financial Statement Accounting:

The District has financial activity in the area of capital assets, long-term debt, pensions and other postemployment benefits (OPEB) that are required to be reported in the government-wide financial statements. There is no formal trial balance maintained in WinCap to track record activity related to these areas. We concur with the finding and recommendations and will maintain a separate general ledger fund with WinCap to track and record the activity by June 30, 2021.

The contact person for proposed actions is Donald F.X. Keegan, Associate Superintendent for Business Services, 315-218-2119 / DKeegan@nscsd.org.

Sincerely,



Donald F.X. Keegan
Associate Superintendent for Business Services