



GILBERTSVILLE - MOUNT  
UPTON CENTRAL SCHOOL  
DISTRICT

MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS

AND

BASIC FINANCIAL  
STATEMENTS

For the Year Ended  
June 30, 2021

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT  
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Certified Public Accountants & Consultants

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315-735-5216 Fax: 315-735-5210

## Independent Auditor's Report

Board of Education

Gilbertsville - Mount Upton Central School District

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

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

### New Accounting Standard

As discussed in Note 1 to the financial statements, the District changed accounting policies related to the accounting and reporting of fiduciary activities by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities*. The new pronouncement changes the criteria used to determine which government activities are considered fiduciary and provides guidance on accounting and reporting for the fiduciary activities identified. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gilbertsville - Mount Upton Central School District's basic financial statements. The other supplementary information as listed in the Table of Contents is presented for purposes of additional analysis as required by New York State Education Department and is not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2021, on our consideration of the Gilbertsville - Mount Upton 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 the effectiveness of Gilbertsville - Mount Upton Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gilbertsville - Mount Upton Central School District's internal control over financial reporting and compliance.

*D'Arcangelo + Co., LLP*

September 15, 2021

Utica, New York

# D'Arcangelo & Co., LLP

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## Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Education

Gilbertsville - Mount Upton Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gilbertsville - Mount Upton Central School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Gilbertsville - Mount Upton Central School District's basic financial statements, and have issued our report thereon dated September 15, 2021.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gilbertsville - Mount Upton 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 Gilbertsville - Mount Upton Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Gilbertsville - Mount Upton 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gilbertsville - Mount Upton 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*.

### Purpose of this Report

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

D'Arcangelo + Co., LLP

September 15, 2021

Utica, New York

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2021**

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The Gilbertsville - Mount Upton Central School District's discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal years ended June 30, 2021 and 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

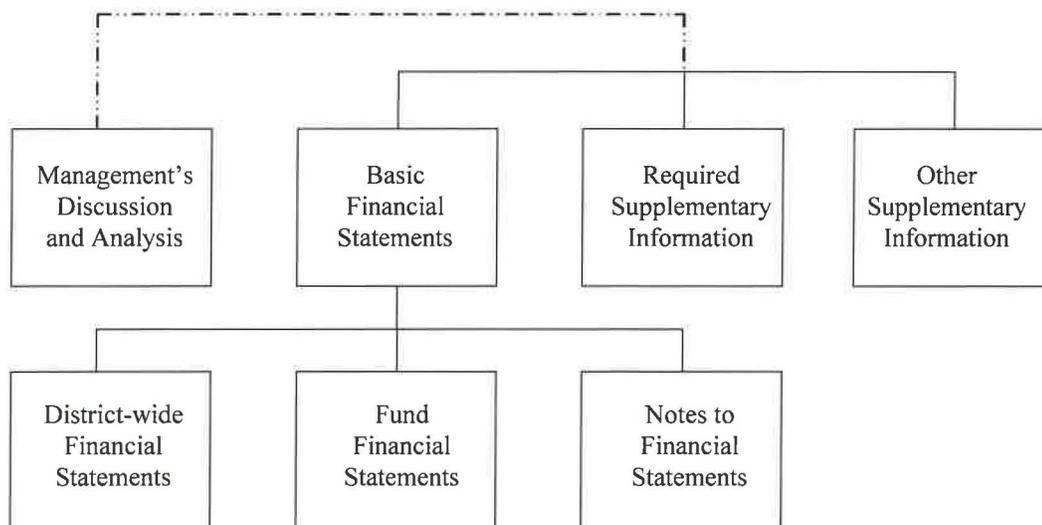
**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2021 are as follows:

- The District's total net position, as reflected in the District-wide financial statements, increased by \$1,256,734 for the year.
- The District's expenses for the year, as reflected in the District-wide financial statements, totaled \$9,358,161. Of this amount, \$505,998 was offset by program revenues. The District received \$500,549 in operating grants to support instructional programs and food service. General revenues of \$10,108,897 amount to 95.2% of total revenues.
- The General Fund's total fund balance, as reflected in the fund financial statements on Pages 15 and 17, increased by \$1,138,068 to \$4,167,003. This was due to an excess of revenues over expenditures and transfers based on the modified accrual basis of accounting.

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts – Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of district-wide financial statements, fund financial statements, and notes to the financial statements. A graphic display of the relationship of these statements follows:



**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2021**

**(Continued)**

**A. District-wide Financial Statements**

The District-wide financial statements are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two District-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, respectively.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

**B. Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary funds.

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of District-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the District-wide financial statements. By doing so, you may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds, General Fund, School Lunch Fund, Special Aid Fund, Miscellaneous Special Revenue Fund, Debt Service Fund, and Capital Projects Fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2021**

(Continued)

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The fiduciary activities have been excluded from the District's District-wide financial statements because the District cannot use these assets to finance its operations.

**3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**A. Net Position**

The District's total net position increased by \$1,256,734 between fiscal year 2021 and 2020. A summary of the District's Statement of Net Position for June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>Restated 2020</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
Current and Other Assets	\$ 4,898,445	\$ 4,186,499	\$ 711,946	17.0%
Capital Assets, (Net of Depreciation)	<u>14,977,315</u>	<u>15,708,428</u>	<u>(731,113)</u>	(4.7%)
Total Assets	<u>19,875,760</u>	<u>19,894,927</u>	<u>(19,167)</u>	(0.1%)
Deferred Outflows of Resources	<u>5,159,838</u>	<u>5,055,354</u>	<u>104,484</u>	2.1%
Total Assets and Deferred Outflows	<u>\$ 25,035,598</u>	<u>\$ 24,950,281</u>	<u>\$ 85,317</u>	0.3%
Current and Other Liabilities	\$ 749,515	\$ 1,253,764	\$ (504,249)	(40.2%)
Non-Current Liabilities	<u>11,873,947</u>	<u>19,331,213</u>	<u>(7,457,266)</u>	(38.6%)
Total Liabilities	<u>12,623,462</u>	<u>20,584,977</u>	<u>(7,961,515)</u>	(38.7%)
Deferred Inflows of Resources	<u>7,940,117</u>	<u>1,150,019</u>	<u>6,790,098</u>	590.4%
Net Position				
Net Investment in Capital Assets	\$ 9,728,477	\$ 9,684,036	\$ 44,441	0.5%
Restricted	3,666,510	2,465,529	1,200,981	48.7%
Unrestricted (Deficit)	<u>(8,922,968)</u>	<u>(8,934,280)</u>	<u>11,312</u>	0.1%
Total Net Position	<u>4,472,019</u>	<u>3,215,285</u>	<u>1,256,734</u>	39.1%
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 25,035,598</u>	<u>\$ 24,950,281</u>	<u>\$ 85,317</u>	0.3%

Current and other assets increased by \$711,946 as compared to the prior year. The increase is primarily due to an increase in cash in the General Fund, due to excess revenues over expenditures.

Capital assets decreased by \$731,113 as compared to the prior year. This decrease is mainly due to depreciation expense exceeding capital outlay additions during the year.

Deferred outflows of resources increased by \$104,484, as compared to the prior year, due primarily to deferred outflows of resources for Employee Retirement System (ERS) and Teachers Retirement System (TRS), offset by a decrease related to Other Postemployment Benefits (OPEB).

Current and other liabilities decreased by \$504,249 due primarily to a decrease to the net pension liability – proportionate share for ERS and deferred revenues.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2021**

(Continued)

Non-current liabilities decreased by \$7,457,266, as compared to the prior year. This decrease is primarily the result of an decrease in the GASB 75 liability for OPEB in the amount of \$6,288,175, payment of the remaining health consortium buy-in in the amount of \$309,617, and the payments of bond principal of \$750,000.

Deferred inflows of resources increased by \$6,790,098, as compared to prior year, due primarily to deferred inflows of resources for amounts provided by the Retirement Systems and OPEB.

The net investment in capital assets is calculated by subtracting the amount of outstanding debt used for construction from the total cost of all asset acquisitions, net of accumulated depreciation. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings and purchase vehicles, equipment and furniture to support District operations.

The unrestricted net position at June 30, 2021, is a deficit of \$8,922,968 which represents the amount by which the District's liabilities and deferred inflows exceeded the District's assets and deferred outflows, other than capital assets, excluding debt related to capital construction. These liabilities and deferred inflows include \$9,974,093 related to other post-employment benefits.

The restricted portion of the net position increased during the year by \$1,200,981 due to net additions in the District's reserves, primarily the Capital Reserve.

**B. Changes in Net Position**

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. A summary of this statement for the years ended June 30, 2021 and 2020 is as follows:

<b>Revenues</b>	<u>2021</u>	<u>2020</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
Program Revenues				
Charges for Services	\$ 5,449	\$ 43,885	\$ (38,436)	(87.6%)
Operating Grants	500,549	499,599	950	0.2%
General Revenues				
Property Taxes and STAR	2,548,713	2,486,776	61,937	2.5%
State and Federal Sources	7,393,188	7,381,029	12,159	0.2%
Other	166,996	128,355	38,641	30.1%
Total Revenues	<u>10,614,895</u>	<u>10,539,644</u>	<u>75,251</u>	0.7%
<b>Expenses</b>				
General Support	1,987,716	2,155,600	(167,884)	(7.8%)
Instruction	6,167,245	7,501,594	(1,334,349)	(17.8%)
Pupil Transportation	763,922	969,139	(205,217)	(21.2%)
Community Service	500	500	0	0.0%
Debt Service-Unallocated Interest	206,374	264,855	(58,481)	(22.1%)
Food Service Program	232,404	267,765	(35,361)	(13.2%)
Total Expenses	<u>9,358,161</u>	<u>11,159,453</u>	<u>(1,801,292)</u>	(16.1%)
Total Change in Net Position	<u>\$ 1,256,734</u>	<u>\$ (619,809)</u>	<u>\$ 1,876,543</u>	302.8%

The District's revenues increased by \$75,251 in 2021 or approximately 0.7%. The major factor that contributed to the increase was property taxes and STAR revenue which increased by \$61,937 to \$2,548,713 in 2021 from \$2,486,776 in 2020.

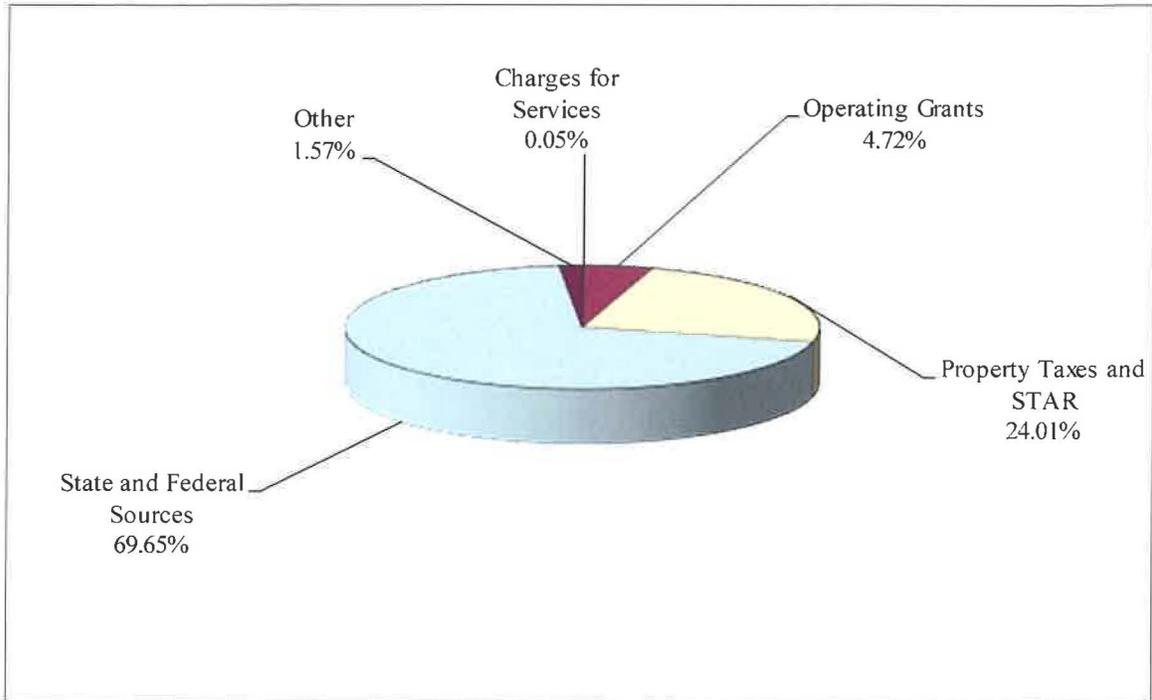
District's expenses for the year decreased by \$1,801,292 or 16.1% primarily in Instruction due to a decrease in special education costs and a decrease in OPEB expense of \$925,616, compared to prior year.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2021**

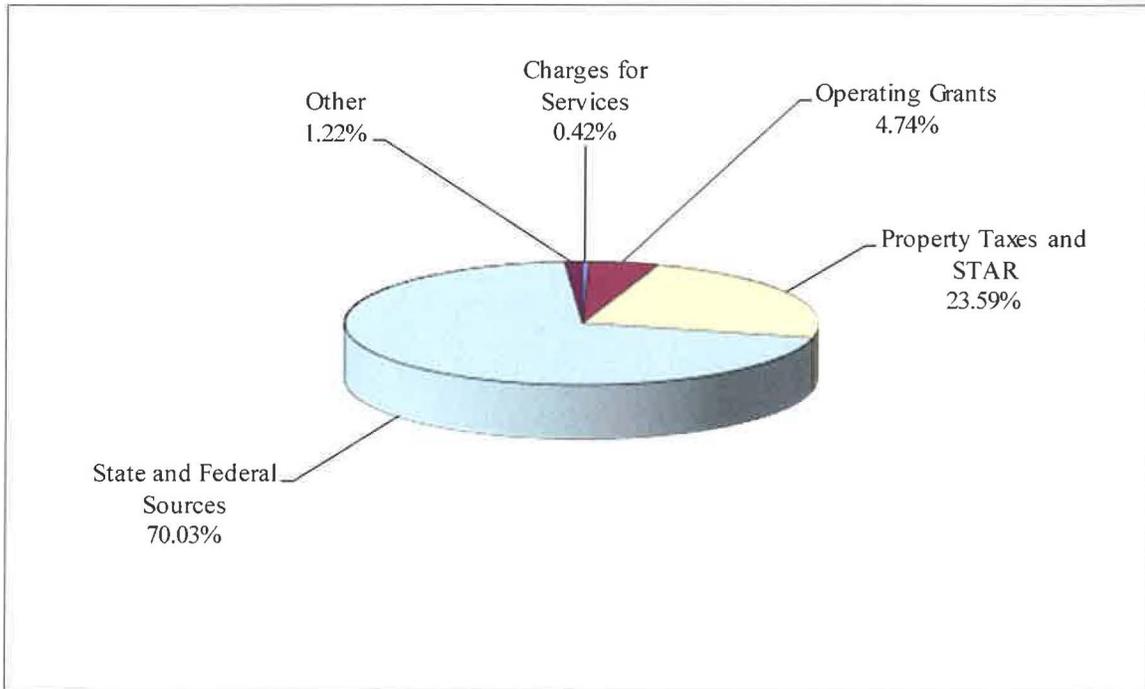
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A graphic display of the distribution of revenues for the two years follows:

**For the Year Ended June 30, 2021**



**For the Year Ended June 30, 2020**



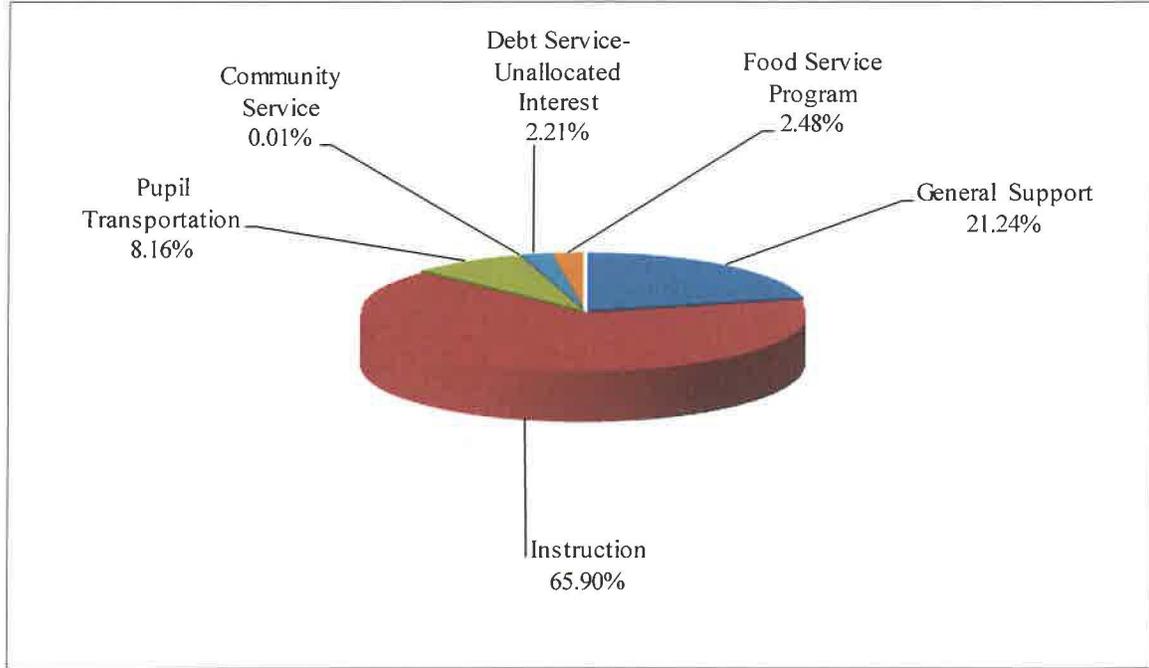
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**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2021**

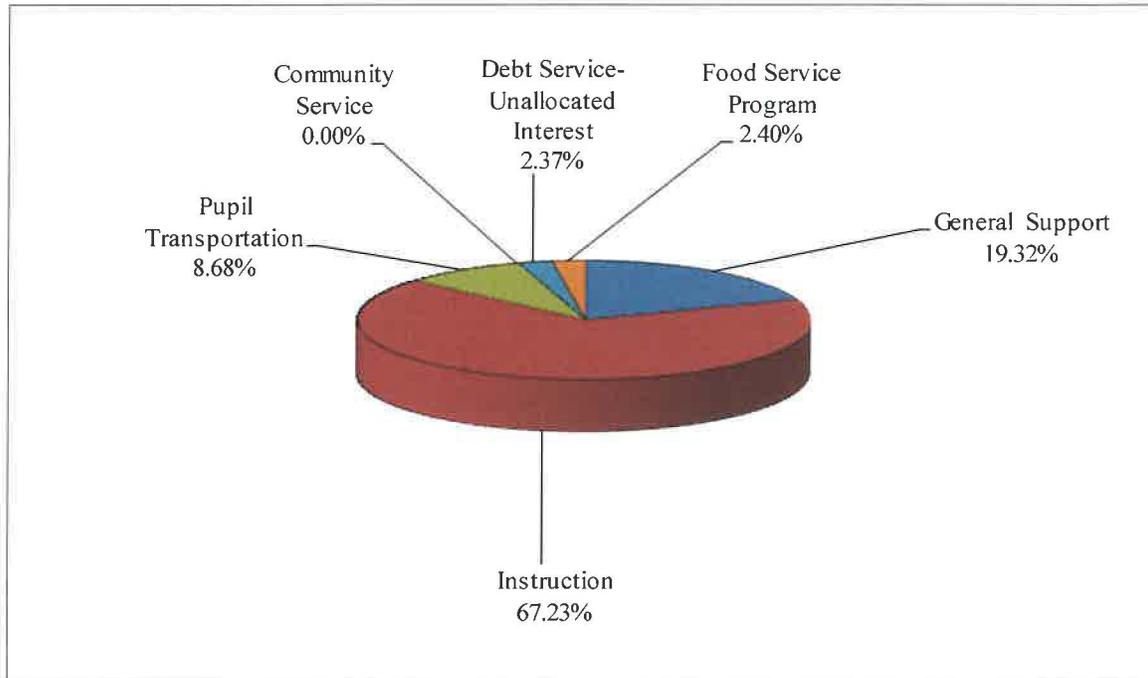
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A graphic display of the distribution of expenses for the two years follows:

**For the Year Ended June 30, 2021**



**For the Year Ended June 30, 2020**



See Independent Auditor's Report.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2021**

(Continued)

**4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES**

At June 30, 2021, the District's governmental funds reported a combined fund balance of \$4,585,247 which is an increase of \$1,208,718 from the prior year. This increase is due to revenues exceeding expenditures for the year, primarily in the General Fund. A summary of the change in fund balance by fund is as follows:

<b>General Fund</b>	<u>2021</u>	<u>Restated 2020</u>	<u>Increase/ (Decrease)</u>
Restricted for:			
Capital	\$ 1,768,144	\$ 688,075	\$ 1,080,069
Liability	211,555	366,330	(154,775)
Unemployment Insurance	220,628	120,616	100,012
Retirement Contribution	532,382	262,356	270,026
Employee Benefit Accrued Liability	652,860	713,870	(61,010)
Assigned	299,500	470,735	(171,235)
Unassigned	<u>481,934</u>	<u>406,953</u>	<u>74,981</u>
Total General Fund	<u>4,167,003</u>	<u>3,028,935</u>	<u>1,138,068</u>
<b>School Lunch Fund</b>			
Nonspendable	15,760	13,082	2,678
Assigned	<u>123,529</u>	<u>22,216</u>	<u>101,313</u>
Total School Lunch Fund	<u>139,289</u>	<u>35,298</u>	<u>103,991</u>
<b>Miscellaneous Special Revenue Fund</b>			
Restricted	<u>57,852</u>	<u>57,251</u>	<u>601</u>
<b>Debt Service Fund</b>			
Restricted	<u>219,011</u>	<u>218,988</u>	<u>23</u>
<b>Capital Projects Fund</b>			
Restricted	4,078	38,043	(33,965)
Unassigned (Deficit)	<u>(1,986)</u>	<u>(1,986)</u>	<u></u>
Total Capital Fund	<u>2,092</u>	<u>36,057</u>	<u>(33,965)</u>
 Total Fund Balance	 <u>\$ 4,585,247</u>	 <u>\$ 3,376,529</u>	 <u>\$ 1,208,718</u>

Note 11 to the Financial Statements provides additional information on the Reserves.

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2020-2021 Budget**

The District's General Fund adopted budget for the year ended June 30, 2021, was \$10,195,655. This is an increase of \$205,350 from prior years adopted budget, primarily due to anticipated increases in education of students with special needs and additional expenses related to COVID-19 pandemic costs.

The budget was funded through a combination of revenues and designated fund balance. The majority of this funding source was \$2,551,550 in estimated real property taxes and STAR, and State Aid in the amount of \$7,144,105.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2021**

(Continued)

**B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)**

The General Fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations to fund the subsequent year's budget. It is this balance that is commonly referred to as the "fund balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	\$ 406,953
Revenues and Appropriated Reserves over Budget	143,659
Expenditures and Encumbrances under Budget	1,429,644
Appropriated Fund Balance for June 30, 2022 Budget	(264,000)
Net (Increase) to Restricted Funds	<u>(1,234,322)</u>
Closing, Unassigned Fund Balance	<u>\$ 481,934</u>

Opening, Unassigned Fund Balance

The \$406,953 shown in the above table is the portion of the District's June 30, 2020 fund balance that was retained as unassigned. This was 3.99% of the District's 2020-2021 approved operating budget.

Revenues and Appropriated Reserves Over Budget

The 2020-2021 budget for revenues was \$9,958,121. The actual revenues received for the year were \$10,101,780. The actual revenue was over the estimated or budgeted revenue by \$143,659 due to CARES Act federal funding received by the District.

Expenditures and Encumbrances Under Budget

The 2020-2021 final budget for expenditures and other uses was \$10,428,856. The actual expenditures, other uses, and encumbrances were \$8,999,212. The final budget was under expended by \$1,429,644. This under expenditure contributes to the change to the unassigned portion of the general fund balance from June 30, 2020 to June 30, 2021.

Appropriated Fund Balance and Reserves

The District chose to use \$264,000 of its available June 30, 2021 fund balance and reserves to partially fund its 2021-2022 approved operating budget.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the District will begin the 2021-2022 fiscal year with an unassigned fund balance of \$481,934. This is an increase of \$74,981 from the unassigned balance from the prior year and is 4.68% of the subsequent year's budget.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2021**

(Continued)

**6. CAPITAL ASSET AND DEBT ADMINISTRATION**

**A. Capital Assets**

At June 30, 2021, the District had invested in a broad range of capital assets, including land, buildings and improvements and equipment. The net decrease in capital assets is due to capital outlays being less than current year depreciation recorded for the year ended June 30, 2021. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2021 and 2020, is as follows:

	2021	2020	Increase/ (Decrease)
Land	\$ 80,000	\$ 80,000	\$
Buildings and Improvements	13,961,010	14,555,910	(594,900)
Vehicles, Furniture, and Equipment	936,305	1,072,518	(136,213)
Capital Assets, Net	\$ 14,977,315	\$ 15,708,428	\$ (731,113)

**B. Debt Administration**

At June 30, 2021, the District had total bonds payable of \$4,850,000. A summary of the outstanding debt at June 30, 2021 and 2020, is as follows:

	Issue Date	Interest Rate	2021	2020	Increase (Decrease)
	6/8/2011	2.00-5.25%	\$ 1,210,000	\$ 1,215,000	\$ (5,000)
	11/15/2017	2.00-5.00%	1,575,000	2,195,000	(620,000)
	6/17/2019	3.00-5.00%	2,065,000	2,190,000	(125,000)
			\$ 4,850,000	\$ 5,600,000	

**7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The voters of the School District approved a budget of \$10,300,655 for the 2021-2022 school year.

The Board of Education and the Administration have strived to be fiscally responsible to the community while continuing to provide a quality education for students. In developing the 2021-2022 school budget, the preservation of educational programs for children remained a high priority.

The COVID pandemic crisis has resulted in economic uncertainty on state and federal revenue streams. The school district is proactively planning various contingent outcomes.

Overall, the district remains in a sound financial position, and will continue to be conservative in delivering educational programs at rates reasonably expected of a public school district.

Reserves have been established which will help in the near term to mitigate unexpected decreases in revenue or unanticipated expenditures. The Board and the Administration are working on long-term solutions to reduce the continued reliance on reserves.

**8. CONTACTING THE DISTRICT**

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office at Gilbertsville - Mount Upton Central School District, 693 State Highway 51, Gilbertsville, New York 13776-1104.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2021**

<b>Assets</b>	
Cash and Cash Equivalents	\$ 647,519
Restricted Cash and Cash Equivalents	3,664,524
Receivables	
Due From Other Governments	570,642
Inventory	15,760
Capital Assets (Net of Accumulated Depreciation)	<u>14,977,315</u>
Total Assets	<u>19,875,760</u>
<b>Deferred Outflows of Resources</b>	
Pensions	2,217,220
Deferred Charges From Refunding of Debt (Net of Amortization)	269,173
Other Post Employment Benefits	<u>2,673,445</u>
Total Deferred Outflows of Resources	5,159,838
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 25,035,598</u>
<b>Liabilities</b>	
Accounts Payable	\$ 13,304
Accrued Liabilities	873
Accrued Bond Interest Payable	8,927
Due To	
Other Governments	173
Teachers' Retirement System	257,805
Employees' Retirement System	41,043
Other Liabilities	
Net Pension Liability - Proportionate Share	427,390
Noncurrent Liabilities	
Due Within One Year	
Bonds Payable	780,000
Bond Premium	114,470
Due in More Than One Year	
Bonds Payable	4,070,000
Bond Premium	555,633
Compensated Absences	485,542
Other Post Employment Benefits	<u>5,868,302</u>
Total Liabilities	<u>12,623,462</u>
<b>Deferred Inflows of Resources</b>	
Pensions	1,160,881
Other Post Employment Benefits	<u>6,779,236</u>
Total Deferred Inflows of Resources	<u>7,940,117</u>
<b>Net Position</b>	
Net Investment in Capital Assets	9,728,477
Restricted	3,666,510
Unrestricted (Deficit)	<u>(8,922,968)</u>
Total Net Position	<u>4,472,019</u>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<u>\$ 25,035,598</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
General Support	\$ 1,987,716	\$	\$	\$ (1,987,716)
Instruction	6,167,245		268,453	(5,898,792)
Pupil Transportation	763,922			(763,922)
Community Service	500			(500)
Debt Service - Unallocated Interest	206,374			(206,374)
Food Service	232,404	5,449	232,096	5,141
Total Functions/Programs	<u>\$ 9,358,161</u>	<u>\$ 5,449</u>	<u>\$ 500,549</u>	<u>(8,852,163)</u>
<b>General Revenues</b>				
Real Property Taxes, STAR and Other Real Property Items				2,548,713
Use of Money and Property				12,498
Sales of Property and Compensation for Loss				(1,206)
State and Federal Sources				7,393,188
Miscellaneous				155,704
Total General Revenues				<u>10,108,897</u>
Change in Net Position				<u>1,256,734</u>
Net Position, Beginning of Year				3,158,034
Cumulative Effect of Change in Accounting Principle				<u>57,251</u>
Net Position, Beginning of Year (Restated)				<u>3,215,285</u>
Net Position, End of Year				<u>\$ 4,472,019</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2021**

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
<b>Assets</b>							
Cash and Cash Equivalents	\$ 540,466	\$ 80,056	\$ 26,997	\$	\$	\$	\$ 647,519
Restricted Cash and Cash Equivalents	3,385,569			57,852	219,011	2,092	3,664,524
Receivables							
Due From Other Governments	455,282	43,837	71,523				570,642
Due From Other Funds	103,904		5,384				109,288
Inventory		15,760					15,760
Total Assets	<u>\$ 4,485,221</u>	<u>\$ 139,653</u>	<u>\$ 103,904</u>	<u>\$ 57,852</u>	<u>\$ 219,011</u>	<u>\$ 2,092</u>	<u>\$ 5,007,733</u>
<b>Liabilities</b>							
<b>Payables</b>							
Accounts Payable	\$ 13,113	\$ 191	\$	\$	\$	\$	\$ 13,304
Accrued Liabilities	873						873
Due To							
Other Governments		173					173
Other Funds	5,384		103,904				109,288
Teacher's Retirement System	257,805						257,805
Employees' Retirement System	41,043						41,043
Total Liabilities	<u>318,218</u>	<u>364</u>	<u>103,904</u>				<u>422,486</u>
<b>Fund Balance</b>							
Nonspendable		15,760					15,760
Restricted	3,385,569			57,852	219,011	4,078	3,666,510
Assigned	299,500	123,529					423,029
Unassigned (Deficit)	481,934					(1,986)	479,948
Total Fund Balance	<u>4,167,003</u>	<u>139,289</u>		<u>57,852</u>	<u>219,011</u>	<u>2,092</u>	<u>4,585,247</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 4,485,221</u>	<u>\$ 139,653</u>	<u>\$ 103,904</u>	<u>\$ 57,852</u>	<u>\$ 219,011</u>	<u>\$ 2,092</u>	<u>\$ 5,007,733</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO STATEMENT OF NET POSITION**  
**June 30, 2021**

	Total Governmental Funds (Modified Accrual)	Long-Term Assets & Liabilities	Reclassifications and Eliminations	Statement of Net Position Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 647,519	\$	\$	\$ 647,519
Restricted Cash and Cash Equivalents	3,664,524			3,664,524
Receivables				
Due from Other Governments	570,642			570,642
Due from Other Funds	109,288		(109,288)	
Inventory	15,760			15,760
Capital Assets (Net of Accumulated Depreciation)		14,977,315		14,977,315
<b>Total Assets</b>	<u>5,007,733</u>	<u>14,977,315</u>	<u>(109,288)</u>	<u>19,875,760</u>
<b>Deferred Outflows of Resources</b>		<u>5,159,838</u>		<u>5,159,838</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 5,007,733</u>	<u>\$ 20,137,153</u>	<u>\$ (109,288)</u>	<u>\$ 25,035,598</u>
<b>Liabilities</b>				
Accounts Payable	\$ 13,304	\$	\$	\$ 13,304
Accrued Liabilities	873			873
Accrued Interest Payable		8,927		8,927
Bonds Payable		4,850,000		4,850,000
Bond Premium		670,103		670,103
Due To				
Due to Other Governments	173			173
Other Funds	109,288		(109,288)	
Teachers' Retirement System	257,805			257,805
Employees' Retirement System	41,043			41,043
Compensated Absences		485,542		485,542
Other Postemployment Benefits		5,868,302		5,868,302
Net Pension Liability - Proportionate Share		427,390		427,390
<b>Total Liabilities</b>	<u>422,486</u>	<u>12,310,264</u>	<u>(109,288)</u>	<u>12,623,462</u>
<b>Deferred Inflows of Resources</b>		<u>7,940,117</u>		<u>7,940,117</u>
<b>Fund Balance/Net Position</b>	<u>4,585,247</u>	<u>(113,228)</u>		<u>4,472,019</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position</b>	<u>\$ 5,007,733</u>	<u>\$ 20,137,153</u>	<u>\$ (109,288)</u>	<u>\$ 25,035,598</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2021**

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
<b>Revenues</b>							
Real Property Taxes	\$ 2,180,097						\$ 2,180,097
STAR and Other Real Property Tax Items	368,616						368,616
Use of Money and Property	12,413	4		58	23		12,498
Sale of Property and Compensation for Loss	11,850						11,850
Miscellaneous	135,616	7,515		12,573			155,704
State Aid	7,230,276	8,942	5,899				7,245,117
Federal Aid	162,912	223,154	262,554				648,620
School Lunch Sales		5,449					5,449
<b>Total Revenues</b>	<u>10,101,780</u>	<u>245,064</u>	<u>268,453</u>	<u>12,631</u>	<u>23</u>		<u>10,627,951</u>
<b>Expenditures</b>							
General Support	1,471,387			12,030			1,483,417
Instruction	3,650,631		266,181				3,916,812
Pupil Transportation	488,568		2,272			33,965	524,805
Community Service	500						500
Food Service Program		199,077					199,077
Employee Benefits	2,270,226	6,996					2,277,222
Debt Service - Principal	750,000						750,000
Debt Service - Interest	267,400						267,400
<b>Total Expenditures</b>	<u>8,898,712</u>	<u>206,073</u>	<u>268,453</u>	<u>12,030</u>		<u>33,965</u>	<u>9,419,233</u>
<b>Excess (Deficit) Revenues Over Expenditures</b>	<u>1,203,068</u>	<u>38,991</u>		<u>601</u>	<u>23</u>	<u>(33,965)</u>	<u>1,208,718</u>
<b>Other Financing Sources (Uses)</b>							
Transfers from Other Funds		65,000					65,000
Transfers to Other Funds	(65,000)						(65,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(65,000)</u>	<u>65,000</u>					
<b>Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)</b>	<u>1,138,068</u>	<u>103,991</u>		<u>601</u>	<u>23</u>	<u>(33,965)</u>	<u>1,208,718</u>
<b>Fund Balance, Beginning of Year</b>	3,028,935	35,298			218,988	36,057	3,319,278
Cumulative Effect of Change in Accounting Principle				57,251			57,251
<b>Fund Balance, Beginning of Year (Restated)</b>	<u>3,028,935</u>	<u>35,298</u>		<u>57,251</u>	<u>218,988</u>	<u>36,057</u>	<u>3,376,529</u>
<b>Fund Balance, End of Year</b>	<u>\$ 4,167,003</u>	<u>\$ 139,289</u>	<u>\$</u>	<u>\$ 57,852</u>	<u>\$ 219,011</u>	<u>\$ 2,092</u>	<u>\$ 4,585,247</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES AND  
EXPENDITURES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2021**

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Net Changes in Fund Balance - Total Governmental Funds	\$	1,208,718
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Capital Outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their useful lives as depreciation expense in the statement of activities. This is the amount by which depreciation expense exceeded capital outlays in the period.

	Depreciation Expense	(782,021)	
	Loss on Disposal	(13,056)	
	Capital Outlays	<u>63,964</u>	(731,113)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayments of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Bonds issued at a premium create revenue for the governmental funds but that premium is amortized over the life of the bond in the Statement of Net Position.

	Repayment of Bond Principal	750,000	
	Amortization of Deferred Charge On Advance Refunding Bonds	(54,952)	
	Amortization of Premium on Bonds	<u>114,471</u>	809,519

Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

	Change in Accrued Interest on Debt	1,507	
	Change in Compensated Absences	(4,997)	
	Change in Health Consortium Buy In	309,617	
	Change in Other Postemployment Benefits	(35,922)	
	Change in Pension Expense	<u>(300,595)</u>	<u>(30,390)</u>

Change in Net Position Governmental Activities	\$	<u>1,256,734</u>
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The Accompanying Notes are an Integral Part of These Financial Statements.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2021**

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	<u>Custodial Fund</u>
<b>Assets</b>	
Cash and Cash Equivalents - Restricted	<u>\$          61,784</u>
<b>Net Position</b>	
Restricted for Extraclassroom Activities	<u>\$          61,784</u>
<b>Total Liabilities and Net Position</b>	<u>\$          61,784</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Year Ended June 30, 2021**

	Custodial Fund
<b>Additions</b>	
Charges for Services, Sale of Property, and Miscellaneous	\$ 22,784
<b>Deductions</b>	
Club Activities	20,388
<b>Change in Net Position</b>	2,396
<b>Net Position, Beginning of Year</b>	
Cumulative Effect of Change in Accounting Principle	59,388
<b>Net Position, Beginning of Year (Restated)</b>	59,388
<b>Net Position, End of Year</b>	\$ 61,784

The Accompanying Notes are an Integral Part of These Financial Statements.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Gilbertsville - Mount Upton Central School District (the School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as they apply 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.

Certain significant accounting principles and policies utilized by the School District are described below:

***Reporting Entity***

The School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education. 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 School District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the School District is based upon criteria set forth by GASB. 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 School District. The School District is not a component unit of another reporting entity. The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the School District's reporting entity.

***Extraclassroom Activity Funds***

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School 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 School District's business office. The School District accounts for assets held as an agent for various student organizations in a custodial fund.

***Joint Ventures***

The School District is a component district in Delaware, Chenango, Madison, and Otsego Board of Cooperative Education Services (BOCES). 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.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

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***Basis of Presentation***

**(a) *District-Wide Statements***

The Statement of Net Position and the Statement of Activities present financial information about the School 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 nonexchange transactions. Operating grants include operating-specific and discretionary grants.

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

**(b) *Fund Financial Statements***

The fund statements provide information about the School 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. All funds of the School District are displayed as major funds. The School District reports the following major governmental funds:

***General Fund:*** This is the School District's primary operating fund used to account for and report all financial resources not accounted for in another fund.

***Special Revenue Funds:***

**Special Aid Fund:** This fund accounts for and reports the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes.

**Miscellaneous Special Revenue Fund:** This Fund is used to account for arrangements in which principal and income benefits annual third party awards and scholarships. 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.

**School Lunch Fund:** This fund is used to account for and report transactions of the School District's food service operations.

***Capital Projects Fund:*** This fund is used to account for and report financial resources that are restricted or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

***Debt Service Funds:*** This fund accounts for and reports all financial resources that are restricted to expenditures for principal and interest. Debt Service Funds should be used to report resources if legally mandated.

**(c) *Fiduciary Funds***

Fiduciary funds are used to account for and report fiduciary activities. Fiduciary activities are those in which the School 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 School District, and are not available to be used. There is one class of fiduciary funds:

**Custodial Funds:** These funds are strictly custodial in nature. Assets are held by the School District as agent for various student groups or extraclassroom activity funds.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

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***Measurement Focus and Basis of Accounting***

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the School 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 grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School 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, other post-employment benefits, 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.

***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, other postemployment benefits, pension liabilities, potential contingent liabilities, and useful lives of long-lived assets.

***Cash and Cash Equivalents***

The School District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of one year or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements, and obligations of New York State or its localities.

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

***Receivables***

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since management believes that such allowance would not be material.

***Investments***

Investments held by the School District are stated at fair value. Changes in the fair value of the investments and interest in dividends are reported as investment income.

***Inventories***

The inventories of food and supplies in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, donated by the U.S. Department of Agriculture, at the government's assigned value, which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

***Capital Assets***

Capital assets are reported at actual cost. Donated assets are reported at estimated fair market value at the time received.

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The School District uses capitalization thresholds of \$1,000, (the dollar value above which asset acquisitions are added to the capital asset accounts for grouped like assets or individual assets). Depreciation methods and estimated useful lives of capital assets reported in the district-wide statements are as follows:

	Lives	Depreciation Method
Furniture, Equipment and Vehicles	4-20 Years	Straight Line
Buildings and Improvements	20-30 Years	Straight Line

***Deferred Outflow of Resources***

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is related to other postemployment benefits (OPEB) reported on the District-wide Statement of Net Position and represents the effect of differences between expected and actual experience and changes in assumptions during the year. These amounts are deferred and will be recognized in OPEB expense over the next several years. The third relates to a deferred outflow of funds due to a Deferred Charge on the Advance Refunding of Bonds. This charge is being amortized over the life of the remaining debt.

***Property Taxes***

Real property taxes are levied annually by the Board of Education and become a lien no later than September 1. Taxes are collected during the period September 1 to mid-November. Uncollected real property taxes are subsequently enforced by the counties of Otsego and Chenango. An amount, representing uncollected real property taxes transmitted to the counties for enforcement, is paid by the counties to the School District no later than the forthcoming April 1.

***Interfund Transactions***

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

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the interfund transactions for governmental funds throughout the year is shown in Note 10 to the financial statements.

***Deferred Inflows of Resources***

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualifies for reporting in this category. The first represents the effect of the net change in the District's proportion of the collective net pension liability (ERS and TRS 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 second item is related to other postemployment benefits (OPEB) reported on the District-wide Statement of Net Position and represents the effect of differences between expected and actual experience and changes in assumptions during the year. These amounts are deferred and will be recognized in OPEB expenses over the next several years.

***Compensated Absences***

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

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

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Consistent with GASB, an accrual for accumulated sick leave is included in the compensated absences liability on the District-wide statements at year end. 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.

***Other Benefits***

School District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are 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 postemployment benefits is shared between the District and the retired employee. Other postemployment benefit costs are measured and disclosed using the accrual basis of accounting.

***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, 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 funds financial statements when due.

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

***Deferred Revenue***

Deferred revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability is removed and revenues are recorded.

***Equity Classifications***

***(a) District-wide Statements***

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

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

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

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

***(b) Fund Statements***

The School District follows GASB's authoritative guidance under GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

The following classifications describe the relative strength of the spending constraints:

***Non-Spendable***

This category 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 consists of inventory recorded in the School Lunch Fund.

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***Restricted Resources***

This category 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. Generally, the District's policy is to use restricted resources only when appropriated by the Board of Education. When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the School District's policy concerning which to apply first varies with the intended use, and with associated legal requirements.

The School District has established the following restricted fund balances:

- ***Capital Reserve***

The Capital Reserve is 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 people at any special or annual meeting. Such authorization is further required for payments from the capital reserve. The form of 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 Section 3651 of Education Law. This reserve is accounted for in the General Fund.

- ***Liability Reserve***

The Property Loss and Liability Reserves [Education Law §1709(8)(c)] are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget. These reserves are accounted for in the General Fund.

- ***Unemployment Insurance Reserve***

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

- ***Retirement Contribution Reserve***

The Retirement Contribution Reserve (GML 6-r) (Chapter 260 of the NYS Laws of 2004) is used to reserve funds for the payment of retirement contributions to the New York State and Local Employees' Retirement System. This reserve was established by a Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The 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. The Board of Education adopted a resolution in May 2019 to establish a sub-fund for the District. 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, not to exceed a total of 10%. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law 6-r.

- ***Reserve for Employee Benefit Accrued Liability***

The Reserve for Employee Benefit Accrued Liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due to 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. The reserve is accounted for in the General Fund.

- ***Miscellaneous Special Revenue Fund***

This fund is used to account for various endowment and scholarship awards.

- ***Debt Service Fund***

This fund is used to account for and report the financial resources that are restricted to pay debt service. The funds include unused debt proceeds and interest and earnings on the temporary investment of debt proceeds.



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*Statement of Revenues, Expenditures, and Changes In Fund Balances Compared To Statement of Activities*

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of six broad categories:

*(a) 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.

*(b) Capital Related Differences*

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

*(c) Long-Term Debt Transaction Differences*

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

*(d) 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.

*(e) Employee Benefit Allocation*

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Balances based on the requirements of New York State. These costs have been allocated based on total salary for each function on the Statement of Activities.

*(f) 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.

**3. STEWARDSHIP AND COMPLIANCE**

*Fund Balance Limitations*

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. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. At June 30, 2021, the School District's General Fund unassigned fund balance was 4.68% of the 2021-2022 budget, which is not in compliance with laws and regulations.

*Budgetary Procedures and Budgetary Accounting*

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund for which legal (appropriated) budgets are adopted:

The voters of the School District approved the proposed appropriations 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) which 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

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Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations occurred during the year for Coronavirus Aid, Relief, and Economic Security Act (CARES) funding.

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

**Change from Adopted Budget to Revised Budget**

Adopted Budget	\$ 10,195,655
Add: Prior Year's Encumbrances	<u>92,235</u>
Original Budget	10,287,890
Add: CARES Act Funding	<u>140,966</u>
Final Budget	<u>\$ 10,428,856</u>

The budget and actual comparison for the Special Revenue Funds (if any) reflects budgeted and actual amounts only for funds with legally authorized (appropriated) budgets.

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.

**4. CASH AND CASH EQUIVALENTS**

***Custodial Credit Risk***

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's policy for custodial credit risk and New York State statutes govern the School District's investment policies, as discussed previously in these notes. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

- A. Uncollateralized;
- B. Collateralized by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the District's name.

As of June 30, 2021, the School District had bank balances of \$4,405,802 of which \$750,000 was fully insured by the FDIC. \$3,655,802 was exposed to credit risk but fully collateralized by securities held by an agent of the pledging financial institution in the School District's name.

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***Restricted Cash and Cash Equivalents***

Restricted cash and cash equivalents of \$3,385,569 in the General Fund for the year ended June 30, 2021 represents the following:

Capital Reserve	\$ 1,768,144
Liability Reserve	211,555
Unemployment Insurance Reserve	220,628
Employee Benefit Accrued Liability	<u>652,860</u>
Total	<u>\$ 3,385,569</u>

Restricted cash and cash equivalents of \$57,852 in the Miscellaneous Special Revenue Fund represents various expendable trust funds held by the District for scholarships and awards. Restricted cash and cash equivalents of \$219,011 in the Debt Service Fund represents funds restricted for debt service of outstanding deficit financing bonds. Restricted cash and cash equivalents of \$2,092 in the Capital Fund represents funds restricted for capital projects approved by the voters.

**5. PARTICIPATION IN BOCES**

During the year, the School District was billed \$1,606,402 for BOCES' administrative and program costs. Financial statements for the BOCES are available from the BOCES' administrative office at 6678 County Road 32, Norwich, New York 13815.

Financial statements for the BOCES are available from the Delaware-Chenango-Madison-Otsego BOCES' administrative office located in Norwich, New York.

During the year ended June 30, 2021, the School District issued no debt on behalf of BOCES. However, during 2008, the BOCES issued \$47,755,000 in Revenue Lease Bonds with the Dormitory Authority of the State of New York (DASNY). These bonds will be repaid by the component districts of the BOCES as a lease payment included in the administrative budget of the BOCES over the term of the bonds. During 2021, \$2,505,000 in principal payments were made and the outstanding balance at June 30, 2021, was \$21,220,000. The Bonds were refinanced through DASNY in June 2015, to reduce the debt service expenditures over the remaining life of the bonds.

**6. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 80,000	\$	\$	\$ 80,000
<b>Capital Assets Being Depreciated</b>				
Buildings and Improvements	24,052,452			24,052,452
Furniture, Equipment and Vehicles	<u>5,305,660</u>	<u>63,964</u>	<u>226,281</u>	<u>5,143,343</u>
Total	<u>29,358,112</u>	<u>63,964</u>	<u>226,281</u>	<u>29,195,795</u>
<b>Accumulated Depreciation</b>				
Buildings and Improvements	9,496,542	594,900		10,091,442
Furniture, Equipment and Vehicles	<u>4,233,142</u>	<u>187,121</u>	<u>213,225</u>	<u>4,207,038</u>
Total	<u>13,729,684</u>	<u>782,021</u>	<u>213,225</u>	<u>14,298,480</u>
<b>Net Capital Assets Being Depreciated</b>	<u>15,628,428</u>	<u>(718,057)</u>	<u>13,056</u>	<u>14,897,315</u>
<b>Net Capital Assets</b>	<u>\$ 15,708,428</u>	<u>\$ (718,057)</u>	<u>\$ 13,056</u>	<u>\$ 14,977,315</u>

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Depreciation expense of \$782,021 is charged as follows:

<u>Function/Program</u>	
General Support	\$ 188,259
Instruction	501,144
Pupil Transportation	67,147
School Lunch	<u>25,471</u>
Total Depreciation	<u>\$ 782,021</u>

**7. NONCURRENT LIABILITIES**

Noncurrent liability balances and activity are as follows for the year ended June 30, 2021:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds Payable					
Serial Bonds Payable	\$ 5,600,000	\$	\$ 750,000	\$ 4,850,000	\$ 780,000
Bond Premium	784,574		114,471	670,103	114,470
Other Liabilities					
Other Postemployment Benefits	12,156,477	988,561	7,276,736	5,868,302	
Health Consortium Buy In	309,617		309,617		
Compensated Absences	<u>480,545</u>	<u>4,997</u>		<u>485,542</u>	
Total Noncurrent Liabilities	<u>\$ 19,331,213</u>	<u>\$ 993,558</u>	<u>\$ 8,450,824</u>	<u>\$ 11,873,947</u>	<u>\$ 894,470</u>

The General Fund has typically been used to liquidate noncurrent liabilities through budget appropriations.

***Serial Bonds***

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. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities. In the event of a default in the payment of the principal and/or interest on the Bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Bonds.

***Long-Term Debt Maturity Schedule***

The following is a statement of serial bonds with corresponding maturity schedules:

<u>Payable From/Description</u>	<u>Date of Original Issue</u>	<u>Original Amount</u>	<u>Date of Final Maturity</u>	<u>Interest Rate (%)</u>	<u>Ending Balance</u>
General Fund					
Construction	06/11	\$ 7,955,000	06/25	2.00-5.25	\$ 1,210,000
Advance Refunding Bond	11/17	\$ 2,810,000	06/25	2.00-5.00	1,575,000
DASNY Revenue Bond	06/19	\$ 2,280,000	06/33	3.00-5.00	<u>2,065,000</u>
Total					<u>\$ 4,850,000</u>

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Principal and interest payments due on serial bonds are as follows:

For the Year Ending June 30,	Serial Bonds		
	Principal	Interest	Total
2022	\$ 780,000	\$ 229,900	\$ 1,009,900
2023	810,000	195,300	1,005,300
2024	860,000	154,800	1,014,800
2025	895,000	111,800	1,006,800
2026	160,000	67,050	227,050
2027-2031	920,000	207,750	1,127,750
2032-2033	425,000	27,800	452,800
Total	\$ 4,850,000	\$ 994,400	\$ 5,844,400

***Interest on Long Term Debt***

Interest paid on long-term debt for the year was \$267,400.

Interest expense on the District-wide financial statements is calculated as follows:

Interest Paid	\$ 267,400
Less: Interest Accrued in the Prior Year	(10,434)
Amortization of Bond Premium	(114,471)
Plus: Interest Accrued in the Current Year	8,927
Amortization of Bond Costs	54,952
Total Interest Expense on Long-Term Debt	\$ 206,374

***Advance Refunding***

During November 2017, the School District issued \$2,810,000 of Advance Refunding Serial Bonds. The bonds consist of serial bonds bearing various fixed rates ranging from 2.00% to 5.00% with annual maturities from June 2018 through June 2025.

The advance refunding was done in order to reduce future debt payments. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and new bonds) of approximately \$100,539.

***Deferred Charges From Refunding of Debt and Issuing New Debt***

The cost of refunding serial bonds and issuing debt has been capitalized and recorded as a deferred outflow on the District-wide financial statements. The costs are being amortized using the straight-line method over the remaining time to maturity of the bonds. The current year amortization is \$54,952 and is included as an addition to interest expense on the statement of activities.

Deferred Charge from Refunding of Debt	\$ 390,249
Deferred Charge from Bond Issuance	86,390
Less: Accumulated Amortization	(207,466)
Net Refunding of Debt Costs	\$ 269,173

***Prior Year Defeasance of Debt***

The School District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. At June 30, 2021, \$2,825,000 bonds outstanding are considered defeased.

***Debt Limit***

Pursuant to the Local Finance Law, the School District has the power to contract indebtedness for any school district purpose authorized by the legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the School District and subject to certain enumerated deductions such as State aid for building purposes. The Constitutional and statutory method for determining full valuation consist of taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate)

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which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority. The District is in compliance with its constitutional debt limit at year end.

***Serial Bond Premium***

In 2011, 2017, and 2019, the District issued serial bonds for \$7,955,000, \$2,810,000 and \$2,280,000, respectively. The serial bonds were issued at premiums of \$355,000, \$500,680 and \$371,390, respectively. While these amounts were recognized as revenue in the Debt Service Fund, they are considered unearned revenue on the District-wide financial statements. The premiums are being amortized until the bonds mature in 2033. Interest revenue amortized for the year ending June 30, 2021, was \$114,471, and the remaining unamortized balance is reported as a deferred bond premium in the amount of \$670,103.

***Special Provisions Affecting Remedies Upon Default***

In the event of a default in the payment of principal of and/or interest of the Bonds, the state Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Bonds.

***Compensated Absences***

Compensated absences represent vacation and sick time that has been earned by the School District employees but not used as of June 30, 2021.

**8. PENSION PLANS**

**A. New York State and Local Employees' Retirement System (ERS)**

***(a) Plan Description***

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer public employee 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. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2018, he was elected for a new term commencing January 1, 2019. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School 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](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

***(b) Contributions***

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010 are required to contribute 3% of their annual salary for their entire working career. Under the authority of the NYSRSSL, 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. All required contributions for the NYSERS fiscal year ended March 31, 2021, were paid. The required contributions for the current year and two preceding years were:

	Amount
2019	\$ 154,413
2020	\$ 154,123
2021	\$ 164,171

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**(c) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2021, the School District reported a liability of \$3,206 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2021, the School District's proportion was .0032194 percent, which was an increase of .0000655 percent from its proportionate share measured at June 30, 2020.

For the year ended June 30, 2021, the School District recognized pension expense of \$105,450. At June 30, 2021, the School District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 39,150	\$
Change of assumptions	589,422	11,117
Net difference between projected and actual earnings on pension plan investments		920,861
Changes in proportion and differences between contributions and proportionate share of contributions	72,196	5,002
Contributions subsequent to the measurement date	41,043	
Total	\$ 741,811	\$ 936,980

Amounts reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ (28,112)
2023	(504)
2024	(38,031)
2025	(169,565)

**(d) Actuarial Assumptions**

The total pension liability at March 31, 2021 was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2020 valuation were as follows:

Investment rate of return (net of investment expense, including inflation)	5.90%
Salary scale	4.40%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience
Inflation rate	2.70%

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020.

The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

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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 return, net of investment expenses 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 as of March 31, 2021 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	32.00%	4.05%
International equity	15.00%	6.30%
Private equity	10.00%	6.75%
Real estate	9.00%	4.95%
Opportunistic/ARS portfolio	3.00%	4.50%
Credit	4.00%	3.63%
Real assets	3.00%	5.95%
Fixed income	23.00%	0.00%
Cash	1.00%	0.50%
	100.00%	

\* Real rates of return are net of the long-term inflation assumption of 2.00%

**(e) Discount Rate**

The discount rate used to calculate the total pension liability was 5.9 percent. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the 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 liability.

**(f) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 5.9 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.9 percent) or 1-percentage-point higher (6.9 percent) than the current rate:

	1% Decrease <u>(4.9%)</u>	Current Assumption <u>(5.9%)</u>	1% Increase <u>(6.9%)</u>
Proportionate share of the net pension liability (assets)	\$ 889,774	\$ 3,206	\$ (814,418)

**(g) Pension Plan Fiduciary Net Position**

Detailed information about the Plan's fiduciary net position is available in the separately issued ERS financial report.

**(h) Payables to the Pension Plan**

The School District has recorded an amount due to ERS in amount of \$41,043 in the General Fund at June 30, 2021. This amount represents the three months of the School District's fiscal year that will be included in the ERS 2021-2022 billing cycle and has been accrued as an expenditure in the current year.

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**B. New York State Teachers' Retirement System (TRS)**

*(a) Plan Description*

The School District participates in the New York Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits. The TRS was created and exists pursuant to Article 11 of the New York State Education Law. TRS is administered by the system and governed by a ten member board to provide these benefits to teachers employed by participating employers in the State of New York, excluding New York City. The System provides benefits to plan members and beneficiaries as authorized by New York State Law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and membership class (6 tiers). TRS issues a publicly available financial report that contains basic financial statements and required supplementary information for the System. For additional plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the TRS website located at [www.nystrs.org](http://www.nystrs.org).

*(b) Contributions*

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board. Tier 3 and Tier 4 members who have less than 10 years of service or membership are required by law to contribute 3% of their salary to the System. Tier 5 members are required by law to contribute 3.5% of their salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of their salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity. The required employer contributions for the current year and two preceding years were:

	Amount	Rate
2019	\$ 287,885	10.62%
2020	238,871	8.86%
2021	228,548	9.53%

*(c) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2021, the School District reported a liability of \$424,184 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2020, the School District's proportionate share was .015351 percent, which was a decrease of .000115 percent from its proportionate share measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized pension expense of \$582,486. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 371,669	\$ 21,739
Change of assumptions	536,494	191,232
Net difference between projected and actual earnings on pensions plan investments	277,029	
Changes in proportion and differences between contributions and proportionate share of contributions	61,669	10,930
Contributions subsequent to the measurement date	228,548	
Total	\$ 1,475,409	\$ 223,901

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Amounts reported as deferred outflows/inflows of resources related to pensions resulting from School District contributions subsequent to the measurement date, if any, will be recognized as a reduction of the net pension liability. 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 June 30:

2021	\$	176,629
2022		344,955
2023		283,832
2024		181,140
2025		15,087
Thereafter		21,317

**(d) Actuarial Assumptions**

The total pension liability (asset) at June 30, 2020 measurement date was determined by using an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability (asset) to June 30, 2020. The actuarial valuation used the following actuarial assumptions.

Investment Rate	
of Return	7.10 % compounded annually, net of pension plan investment expense, including inflation.
Salary scale	Rates of increase differ based on service.
	They have been calculated based upon recent NYSTRS member experience.

Service	Rate
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Projected COLAs	1.3% compounded annually.
Inflation rate	2.2%

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP 2019, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

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.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT**  
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Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the measurement date of June 30, 2020 is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic equity	33.0%	7.1%
International equity	16.0%	7.7%
Global equity	4.0%	7.4%
Real estate equity	11.0%	6.8%
Private equity	8.0%	10.4%
Domestic fixed income	16.0%	1.8%
Global bonds	2.0%	1.0%
High-yield bonds	1.0%	3.9%
Private debt	1.0%	5.2%
Real estate debt	7.0%	3.6%
Cash equivalents	1.0%	0.7%
	100.0%	

\* Real rates of return are net of the long-term inflation assumption of 2.2% for 2020.

**(e) Discount Rate**

The discount rate used to measure the pension liability (asset) was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those 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 liability.

**(f) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**

The following presents the School District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.10 percent, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease <u>(6.10%)</u>	Current Assumption <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
Proportionate share of the net pension liability (assets)	\$ 2,679,422	\$ 424,184	\$ (1,468,533)

**(g) Pension Plan Fiduciary Net Position**

Detailed information about the Plan's fiduciary net position is available in the separately issued TRS financial report.

**(h) Payables to the Pension Plan**

The School District has recorded an amount due to TRS in amount of \$257,805 in the General Fund at June 30, 2021. This amount represents contribution for the 2020-2021 fiscal year that will be made in 2021-2022 and has been accrued as an expenditure in the current year.

**9. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS**

**(a) Plan Description**

The School District administers the payment of Postretirement Healthcare Benefits Plan (the Plan) as a single-employer defined benefit Other Postemployment Benefit plan. The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the School District subject to applicable collective bargaining and employment agreements.

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**(b) Benefits Provided**

***Superintendent of Schools***

Per an agreement between Board of Education and the Superintendent of Schools. The Superintendent must retire under the NYSTRS, have at least 13 years of service with the District, and retire from the District not before the age of 55. The District pays 100% of single or family medical and dental premiums for coverage.

***Group 1 Employees (Administrators)***

Per an agreement between the Superintendent of Schools and the Administrators' Association. An employee must be eligible to retire under either NYSTRS or NYSERS and have at least 10 years of service with the District and retire from the District not before the age of 55. The District pays 50% of single coverage premiums and 35% of family coverage. Surviving spouses are eligible to continue coverage under the plan by paying 100% of premiums for coverage.

***Group 2 Employees (Teachers, Supervisors, CSEA, and Exempt)***

Per an agreement between the Superintendent of Schools and the various bargaining units. Employee must be eligible to retire from the district with at least 15 years of service and not before the age of 55. The District pays 50% of single coverage and 35% of family coverage premiums. Surviving spouses are eligible to remain in the plan by paying 100% of the premiums for coverage.

**(c) Schedule of Required Contributions**

The OPEB plan is currently unfunded. No assets have been set aside to fund the liabilities for this plan.

**(d) Employees covered by benefit terms**

At June 30, 2021, the following employees were covered by the benefit terms:

	Total
Active not eligible to retire	69
Active eligible to retire	0
Inactive employees entitled to but not yet receiving benefit payments	0
Retired and surviving spouses currently receiving benefits	45
Total	114

**(e) Actuarial Methods and Assumptions**

**Actuarial Methods**

The actuarial funding method used is the Entry Age Normal Cost Method. All actuarial methods and assumptions are chosen to be consistent with the requirements of GASB 75 and Actuarial Standards of Practice.

The Normal Cost is determined by calculating the present value of future benefits for present Active Members. This cost is then spread as a level percentage of earnings from entry age to termination as an Active Member. If Normal Costs had been paid at this level for all prior years, a fund would have accumulated. Because this fund represents the portion of benefits that would have been funded to date, it is termed the Accrued Liability. In fact, it is calculated by adding the present value of benefits for Retired Members and Terminated Vested Members to the present value of benefits for Active Members and subtracting the present value of future Normal Cost contributions.

The Normal Cost and Accrued Liability are derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the assumptions, the costs determined by the calculation must be regarded as estimates of the true costs of the Plan.

The July 1, 2020 Actuarial Valuation directly calculated the July 1, 2020 Total OPEB Liability (TOL). The July 1, 2020 TOL was increased by service cost, interest, and assumption changes and decreased by demographic gains/losses and benefit payments to estimate the TOL as of June 30, 2021. The TOL as of June 30, 2021 was also adjusted to reflect any material plan changes after the valuation, if applicable.

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**Actuarial Assumptions**

**Discount Rate**

2.16% (based on the Bond Buyer General Obligation 20-Bond Municipal Index as of the measurement date).

**Inflation Rate**

2.60%

**Salary Scale**

2.60%

**Medical Trend**

5.30% - 4.10% over 55 years

**Mortality**

PubT-2010 Headcount-Weighted Mortality Table for Teaching Positions and PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching positions, both generationally projected using the MP-2019 Ultimate Scale, with employee rates before commencement and healthy annuitant rates after benefit commencement. This assumption includes a margin for future improvements in longevity.

**Future Retiree Coverage**

100% of future eligible retirees are assumed to elect coverage at retirement. 0% of active members currently taking a buyout or waiving coverage are assumed to elect coverage at retirement.

**Future Dependent Coverage**

80% of current active members are assumed to elect dependent coverage at retirement. All female spouses are assumed to be three years younger than males. For current retirees, actual census information was used.

No surviving spouses are assumed to continue coverage after the death of the retiree.

**Future Post-65 Coverage**

100% of future retirees and spouses are assumed to continue coverage past age 65.

**Termination Rates**

Based on the assumptions used in the June 30, 2019 Actuarial Valuation Report for the New York State Teachers' Retirement System and the 2020 Annual Report to the Comptroller on Actuarial Assumptions for the New York State and Local Retirement System.

**(f) Changes in the Total OPEB Liability**

The following outlines the changes to the Total OPEB Liability during the fiscal year, by source.

Beginning at June 30, 2020:	<u>\$ 12,156,477</u>
Changes for the year:	
Service Cost	345,317
Interest	275,006
Effect of Plan Changes	0
Effect of Demographic Gains or Losses	(7,159,896)
Effect of Assumption Changes or Inputs	368,238
Benefit Payments	<u>(116,840)</u>
Net Changes:	<u>(6,288,175)</u>
Balance at June 30, 2021	<u>\$ 5,868,302</u>

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**(g) Sensitivity of the total OPEB liability to changes in the discount rate**

The discount rate assumption can have a profound impact on total liabilities. The following exhibit demonstrates the effect a 1 percent change in the discount rate assumption would have on liabilities.

	1% Decrease <u>(1.16%)</u>	Current Assumption <u>(2.16%)</u>	1% Increase <u>(3.16%)</u>
Total OPEB liability	\$ 6,966,736	\$ 5,868,302	\$ 4,996,253

**(h) Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates**

Healthcare costs can be subject to considerable volatility over time. The following exhibit demonstrates the effect on liabilities of a 1 percent change in the healthcare cost trend rates.

	1% Decrease <u>(4.3%-3.1%)</u>	Current Assumption <u>(5.3%-4.1%)</u>	1% Increase <u>(6.3%-5.1%)</u>
Total OPEB liability	\$ 4,793,387	\$ 5,868,302	\$ 7,310,730

**(i) OPEB Expense**

The OPEB Expense reflects the costs to the OPEB plan incurred during the year, including the service cost, interest cost, immediate recognition of the impact of all plan provision changes, and the amortization of gains and losses due to experience or changes in the assumptions.

**Calculation of the OPEB Expense**

Service cost	\$ 345,317
Interest cost	275,006
Effect of plan changes	0
Recognition of demographic gains or losses	(956,723)
Recognition of assumption changes or inputs	<u>489,162</u>
<b>Total OPEB Expense</b>	<b><u>\$ 152,762</u></b>

**(j) Deferred Outflows and Inflows of Resources Related to OPEB**

The following deferrals of outflows were reported during the fiscal year.

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 6,779,236	\$ 2,354
Changes of assumptions		<u>2,671,091</u>
Total	<u>\$ 6,779,236</u>	<u>\$ 2,673,445</u>

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:	<u>Amount</u>
2022	\$ (467,561)
2023	(467,561)
2024	(467,561)
2025	(467,561)
2026	(467,561)
Thereafter	(1,767,986)

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*(k) Schedule of Deferred Outflows and Inflows of Resources due to the difference between actual and expected experience*

The following details the source of deferred outflows and inflows of resources each year due to the difference between actual and expected experience. This includes changes in the census, and changes in medical premiums that are different than expected healthcare cost trend rates.

Outstanding amounts are amortized on a straight line basis over the average years to expected retirement.

Fiscal Year Ending	Outstanding Amount	Annual
	<u>Beginning of Year</u>	<u>Amortization Amount</u>
June 30, 2018	\$ 2,774	\$ 420
June 30, 2019	(576,483)	(94,505)
June 30, 2021	(7,159,896)	(862,638)

*(l) Schedule of Deferred Outflows and Inflows of Resources due to changes in assumptions or other inputs*

The following details the source of deferred outflows and inflows of resources each year due to changes in assumptions or other inputs.

Outstanding amounts are amortized on a straight line basis over the average years to expected retirement.

Fiscal Year Ending	Outstanding Amount	Annual
	<u>Beginning of Year</u>	<u>Amortization Amount</u>
June 30, 2019	\$ 1,111,923	\$ 182,282
June 30, 2020	1,680,092	262,514
June 30, 2021	368,238	44,366

**10. INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS**

<u>Fund</u>	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General	\$ 103,904	\$ 5,384	\$	\$ 65,000
School Lunch			65,000	
Special Aid	5,384	103,904		
Total	<u>\$ 109,288</u>	<u>\$ 109,288</u>	<u>\$ 65,000</u>	<u>\$ 65,000</u>

- The School District transferred a total of \$65,000 from the General Fund to the School Lunch Fund.
- All interfund payables are expected to be repaid within one year.
- Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT**  
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**11. FUND BALANCE**

The following is the disaggregation of the fund balance that is reported in summary on the Governmental Fund's Balance Sheet:

	<u>General</u>	<u>School Lunch</u>	<u>Miscellaneous Special Revenue</u>	<u>Debt Service</u>	<u>Capital</u>	<u>Total</u>
<b>Nonspendable</b>	\$	\$ 15,760	\$	\$	\$	\$ 15,760
<b>Restricted</b>						
Capital Reserve	1,768,144					1,768,144
Liability Reserve	211,555					211,555
Unemployment Insurance Reserve	220,628					220,628
Retirement Contribution Reserve	532,382					532,382
Employee Benefit Accrued Liability Reserve	652,860					652,860
Miscellaneous Special Revenue Fund			57,852			57,852
Debt Service Fund				219,011		219,011
Capital Project Fund					4,078	4,078
<b>Total Restricted</b>	<u>3,385,569</u>		<u>57,852</u>	<u>219,011</u>	<u>4,078</u>	<u>3,666,510</u>
<b>Assigned</b>						
School Lunch Fund		123,529				123,529
Encumbrances	35,500					35,500
Appropriated for Subsequent Year's Budget	264,000					264,000
<b>Total Assigned</b>	<u>299,500</u>	<u>123,529</u>				<u>423,029</u>
<b>Unassigned (Deficit)</b>	<u>481,934</u>				<u>(1,986)</u>	<u>479,948</u>
<b>Total Fund Equity</b>	<u>\$ 4,167,003</u>	<u>\$ 139,289</u>	<u>\$ 57,852</u>	<u>\$ 219,011</u>	<u>\$ 2,092</u>	<u>\$ 4,585,247</u>

The following is a summary of the change in selected general fund restricted funds during the year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Reserve	\$ 688,075	\$ 1,080,069	\$	\$ 1,768,144
Liability Reserve	366,330	35	154,810	211,555
Unemployment Insurance Reserve	120,616	100,012		220,628
Retirement Contribution Reserve	262,356	320,026	50,000	532,382
Employee Benefit Accrued Liability	713,870	70	61,080	652,860
<b>Total</b>	<u>\$ 2,151,247</u>	<u>\$ 1,500,212</u>	<u>\$ 265,890</u>	<u>\$ 3,385,569</u>

**12. RISK MANAGEMENT**

**General Information**

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

**Risk Financing and Related Insurance**

**(a) Worker's Compensation Insurance Plan**

Gilbertsville-Mount Upton Central School District participates with 29 other school districts in the Madison-Oneida-Herkimer Worker's Compensation Plan Consortium for its workers' compensation insurance coverage. Entities joining the plan must remain members for a minimum of one year; a member may withdraw from the plan after that time by submitting a notice of withdrawal 30 days prior to the plan's year end. Plan members are subject to a supplemental assessment in the event of deficiencies. If the plan's assets were to be exhausted, members would be responsible for the plan's liabilities. The plan uses a reinsurance agreement to reduce its exposure to large losses on insured events.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

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Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the plan as direct insurer of the risks reinsured. The plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims' costs depend on complex factors, the process used in computing claims' liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims' liabilities are charged or credited to expense in the periods in which they are made. The Consortium is a shared-risk public entity risk pool, whereby each district pays annual premiums based on the expected aggregate claims for all enrollees. Paid claims are also accounted for in the aggregate with individual district activity not being traced separately. Due to this arrangement, a possible contingent liability exists for Gilbertsville-Mount Upton Central School District as a result of the possibility that any participating school district may have actual claims less than the annual premium and try to recover its portion due to it through the Consortium participants. During the year ended June 30, 2021, Gilbertsville - Mount Upton Central School District incurred premiums or contribution expenditures of \$26,612.

Certain required disclosures are not presented because information on an individual School District is unavailable from the Plan. Financial statements for the Madison-Oneida-Herkimer Worker's Compensation Plan Consortium are available from its office located at 4937 Spring Road, Verona, New York 13478.

**(b) Health Insurance Plan**

The School District participates in the Catskill Area Schools Employee Benefit Plan (CASEBP) consisting of 19 other governmental entities for their health coverage. Entities joining the plans must remain members for a minimum of one year; a member may withdraw from the plans after that time by submitting a notice of withdrawal 30 days prior to the plans' year end. Plan members are subject to a supplemental assessment in the event of deficiencies. If the plans' assets were to be exhausted, members would be responsible for the plan's liabilities. The plans use a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the plan as direct insurer of the risks reinsured. The plans establish a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. The Consortiums are shared-risk public entity risk pools whereby each entity pays annual premiums as follows: Health Consortium - Monthly premium from individual members based on the type of coverage selected. Premiums paid to the Health Consortium totaled \$1,562,092 for the year ended June 30, 2021. Paid claims are accounted for in the aggregate with individual entity activity not being tracked separately.

Certain required disclosures are not presented because information on an individual School District is unavailable from the Consortium. Financial statements for the Consortium are available from its office located at 2020 Jump Brook Road, Grand Gorge, New York 12434.

The Gilbertsville-Mount Upton Central School District, effective July 1, 2019, joined the Catskill Area Schools Employee Benefit Plan (CASEBP) for their health coverage and committed to a buy-in amount of \$464,427 to be paid in to CASEBP over a period of six years. The District paid the remaining obligation amount owed towards this buy-in amount during the year ended June 30, 2021.

**(c) Other Risks**

The School District continues to maintain commercial insurance policies for all other risks of loss such as general liability.

**13. CONTINGENCIES AND COMMITMENTS**

***Potential Grantor Liability***

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

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***Encumbrances***

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital projects funds. At June 30, 2021, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. Significant encumbrances included in governmental fund balances are as follows:

	General Fund
Encumbrances	
General Support	\$ 15,282
Instruction	10,787
Pupil Transportation	9,431
Total Encumbrances	\$ 35,500

**14. CUMULATIVE EFFECT OF IMPLEMENTING NEW ACCOUNTING STANDARD**

The following adjustments were made to the prior year's net position and fund balance due to the implementation of GASB 84, Fiduciary Accounting:

The Government-wide and Miscellaneous Special Revenue Fund's prior year's net position and fund balance were increased by \$57,251 for donated revenues for scholarships and awards administered by the District previously accounted for in the Fiduciary Fund, Private Purpose Trust.

The Fiduciary Custodial Fund is a new fund required by the new accounting standard. The beginning net position was increased by \$59,388. This beginning balance consisted of extraclassroom activity funds held by the District but administered by student clubs within the District.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Final Budget Variance With Actual	
<b>Revenues</b>					
Local Sources					
Real Property Taxes	\$ 2,138,050	\$ 2,138,050	\$ 2,180,097	\$	42,047
Other Real Property Tax Items	413,500	413,500	368,616		(44,884)
Charges for Services					
Use of Money and Property	13,000	13,000	12,413		(587)
Sale of Property and Compensation for Loss	12,500	12,500	11,850		(650)
Miscellaneous	78,500	78,500	135,616		57,116
State Aid	7,144,105	7,144,105	7,230,276		86,171
Federal Aid	17,500	158,466	162,912		4,446
Total Revenues	<u>9,817,155</u>	<u>9,958,121</u>	<u>10,101,780</u>		<u>143,659</u>
<b>Other Financing Sources</b>					
Appropriated Fund Balance	470,735	470,735			(470,735)
Total Revenues and Other Financing Sources	<u>\$ 10,287,890</u>	<u>\$ 10,428,856</u>	<u>10,101,780</u>	<u>\$</u>	<u>(327,076)</u>
<b>Expenditures</b>					
	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance With Actual And Encumbrances
<b>General Support</b>					
Board of Education	\$ 9,650	\$ 8,132	5,259	\$	\$ 2,873
Central Administration	183,300	186,088	185,573		515
Finance	206,440	210,700	209,189		1,511
Staff	111,226	141,560	140,822		738
Central Services	690,994	841,731	670,608	15,282	155,841
Special Items	262,745	263,655	259,936		3,719
Total General Support	<u>1,464,355</u>	<u>1,651,866</u>	<u>1,471,387</u>	<u>15,282</u>	<u>165,197</u>
<b>Instruction</b>					
Instruction, Administration, and Improvement	155,341	164,508	144,346		20,162
Teaching - Regular School	1,971,027	1,915,016	1,652,625	9,956	252,435
Programs for Children With Special Needs	1,480,169	1,436,609	1,088,997	446	347,166
Occupational Education	232,992	232,992	232,244		748
Teaching - Special School	14,925	11,475	3,680		7,795
Instructional Media	277,062	349,227	328,757	385	20,085
Pupil Services	291,969	286,342	199,982		86,360
Total Instruction	<u>4,423,485</u>	<u>4,396,169</u>	<u>3,650,631</u>	<u>10,787</u>	<u>734,751</u>
Pupil Transportation	670,405	672,780	488,568	9,431	174,781
Community Services	1,000	1,000	500		500
Employee Benefits	2,557,295	2,475,691	2,270,226		205,465
Debt Service - Principal	750,000	750,000	750,000		
Debt Service - Interest	296,350	296,350	267,400		28,950
Total Expenditures	<u>10,162,890</u>	<u>10,243,856</u>	<u>8,898,712</u>	<u>35,500</u>	<u>1,309,644</u>
<b>Other Financing Uses</b>					
Transfers to Other Funds	125,000	185,000	65,000		120,000
Total Expenditures and Other Financing Uses	<u>\$ 10,287,890</u>	<u>\$ 10,428,856</u>	<u>8,963,712</u>	<u>\$ 35,500</u>	<u>\$ 1,429,644</u>
<b>Net Change in Fund Balance</b>			1,138,068		
<b>Fund Balance - Beginning of Year</b>			3,028,935		
<b>Fund Balance - End of Year</b>			<u>\$ 4,167,003</u>		

Notes to Required Supplementary Information:

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

The budget is adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
For the Year Ended June 30, 2021

**ERS Pension Plan**  
**Last 10 Fiscal Years**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	\$ 164,171	\$ 154,123	\$ 154,413	\$ 147,368	\$ 138,471	\$ 152,130	\$ 180,989	\$ 186,001	\$ 179,540	\$ 142,560
Contributions in Relation to the Contractually Required Contribution	<u>164,171</u>	<u>154,123</u>	<u>154,413</u>	<u>147,368</u>	<u>138,471</u>	<u>152,130</u>	<u>180,989</u>	<u>186,001</u>	<u>179,540</u>	<u>142,560</u>
Contribution Deficiency (Excess)	<u>\$</u>									
School District's Covered-ERS Employee Payroll	\$ 1,134,268	\$ 1,061,231	\$ 1,048,160	\$ 987,643	\$ 916,269	\$ 875,498	\$ 901,855	\$ 892,903	\$ 946,205	\$ 906,919
Contributions as a Percentage of Covered-Employee Payroll	14.47%	14.52%	14.73%	14.92%	15.11%	17.38%	20.07%	20.83%	18.97%	15.72%

**TRS Pension Plan**  
**Last 10 Fiscal Years**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	\$ 228,548	\$ 238,871	\$ 287,885	\$ 266,705	\$ 339,474	\$ 363,923	\$ 429,882	\$ 389,891	\$ 312,183	\$ 292,764
Contributions in Relation to the Contractually Required Contribution	<u>228,548</u>	<u>238,871</u>	<u>287,885</u>	<u>266,705</u>	<u>339,474</u>	<u>363,923</u>	<u>429,882</u>	<u>389,891</u>	<u>312,183</u>	<u>292,764</u>
Contribution Deficiency (Excess)	<u>\$</u>									
School District's Covered-TRS Employee Payroll	\$ 2,398,195	\$ 2,696,061	\$ 2,710,782	\$ 2,721,480	\$ 2,896,536	\$ 2,744,517	\$ 2,452,265	\$ 2,399,329	\$ 2,636,681	\$ 2,635,140
Contributions as a Percentage of Covered-Employee Payroll	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%	11.11%

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/ASSET**  
**For the Year Ended June 30, 2021**

**ERS Pension Plan**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability	0.0032194	0.0031539	0.0032883	0.0031364	0.00289	0.00298	0.00295	0.00295
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (3,206)	\$ (835,177)	\$ (232,987)	\$ (101,226)	\$ (272,011)	\$ (478,754)	\$ (99,733)	\$ (133,406)
District's Covered-Employee Payroll	\$ 1,134,268	\$ 1,061,231	\$ 1,048,160	\$ 987,643	\$ 916,269	\$ 875,498	\$ 901,855	\$ 892,903
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	(0.28%)	(78.70%)	(22.23%)	(10.25%)	(29.69%)	(54.68%)	(11.06%)	(14.94%)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	99.95%	86.39%	96.27%	98.24%	94.7%	90.7%	97.9%	97.2%

**TRS Pension Plan**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Asset	0.015351	0.015466	0.016082	0.016571	0.016252	0.016325	0.016243	0.017675
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (424,184)	\$ 401,817	\$ 290,810	\$ 125,956	\$ (174,061)	\$ 1,695,668	\$ 1,809,359	\$ 116,347
District's Covered-Employee Payroll	\$ 2,696,061	\$ 2,710,782	\$ 2,721,480	\$ 2,896,536	\$ 2,744,517	\$ 2,452,265	\$ 2,399,329	\$ 2,636,681
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered-Employee Payroll	(15.73%)	14.82%	10.69%	4.35%	(6.34%)	69.15%	75.41%	4.41%
Plan Fiduciary Net Position as a Percentage of Total Pension Asset	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

Information is presented only for the years available.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT**  
**SCHEDULES OF CHANGES IN THE DISTRICTS**  
**TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**For the Year Ended June 30, 2021**

Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>
Service Cost	\$ 345,317	\$ 499,787	\$ 371,191	\$ 382,618
Interest	275,006	349,463	248,095	235,443
Effect of Plan Changes	0	0	478,876	0
Effect of Demographic Gains or Losses	(7,159,896)	0	(765,493)	4,034
Effect of Assumption Changes or Inputs	368,238	1,942,606	1,476,487	0
Benefit Payments	<u>(116,840)</u>	<u>(238,423)</u>	<u>(207,932)</u>	<u>(170,220)</u>
Net Change in Total OPEB Liability	(6,288,175)	2,553,433	1,601,224	451,875
Total OPEB Liability - Beginning of Year	<u>12,156,477</u>	<u>9,603,044</u>	<u>8,001,820</u>	<u>7,549,945</u>
Total OPEB Liability - End of Year	<u>\$ 5,868,302</u>	<u>\$ 12,156,477</u>	<u>\$ 9,603,044</u>	<u>\$ 8,001,820</u>
Covered Employee Payroll	\$ 2,944,774	\$ 3,322,121	\$ 3,322,121	\$ 4,066,984
Total OPEB Liability as a Percentage of Covered Payroll	199.28%	365.93%	289.06%	196.75%

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

**Notes to Required Supplementary Information:**

Changes of Assumptions: Discount rate decreased from 2.21% to 2.16%.

Actuarial Assumptions: The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 9 to the financial statements.

Plan Assets: No assets are accumulated in a trust that meets all of the following criteria of GASB No. 75, paragraph 4, to pay benefits.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT  
SCHEDULES OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET  
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION  
For the Year Ended June 30, 2021**

**Change from Adopted Budget to Revised Budget**

Adopted Budget	\$ 10,195,655
Add: Prior Year's Encumbrances	<u>92,235</u>
Original Budget	10,287,890
Add: CARES Act Funding	<u>140,966</u>
Final Budget	<u>\$ 10,428,856</u>

**Section 1318 of Real Property Tax Law Limit Calculation**

2021-22 Voter-Approved Expenditure Budget	\$ <u>10,300,655</u>
Maximum Allowed (4% of 2021-22 Budget)	\$ <u>412,026</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law :	
Unrestricted fund balance:	
Assigned fund balance	\$ 299,500
Unassigned fund balance	<u>481,934</u>
Total unrestricted fund balance	<u>781,434</u>
Less:	
Appropriated fund balance	264,000
Encumbrances included in committed and assigned fund balance	<u>35,500</u>
Total adjustments	<u>299,500</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 481,934</u>
Actual percentage	4.68%

See Independent Auditor's Report.

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND**  
**For the Year Ended June 30, 2021**

PROJECT TITLE	Expenditures					Methods of Financing				Fund Balance June 30, 2021	
	Original Authorization	Revised Authorization	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	Federal and State Aid	Local Sources		Total
School Based Health Center	\$ 300,000	\$ 300,000	\$ 358,989	\$	\$ 358,989	\$ (58,989)	\$	\$	\$ 359,000	\$ 359,000	\$ 11
2017 Buses and Vehicles	183,000	183,000	182,195		182,195	805			183,000	183,000	805
SMART School Bond Act Improvements	543,107	543,107	543,107		543,107			542,290		542,290	(817)
2018 Buses and Vehicles	183,300	183,300	183,017		183,017	283			183,300	183,300	283
2018 Local Project	100,000	100,000	99,192		99,192	808			100,000	100,000	808
2019 Buses and Vehicles	250,000	250,000	247,971		247,971	2,029			250,000	250,000	2,029
2020 Buses and Vehicles	160,000	160,000	125,893	33,965	159,858	142			160,000	160,000	142
2020 Local Project	100,000	100,000	101,169		101,169	(1,169)			100,000	100,000	(1,169)
<b>Totals</b>	<u>\$ 1,819,407</u>	<u>\$ 1,819,407</u>	<u>\$ 1,841,533</u>	<u>\$ 33,965</u>	<u>\$ 1,875,498</u>	<u>\$ (56,091)</u>	<u>\$</u>	<u>\$ 542,290</u>	<u>\$ 1,335,300</u>	<u>\$ 1,877,590</u>	<u>\$ 2,092</u>

**GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT**  
**NET INVESTMENT IN CAPITAL ASSETS**  
**For the Year Ended June 30, 2021**

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Capital Assets, Net	\$ <u>14,977,315</u>
Add:	
Unamortized Deferred Charge on Bonds	269,173
Capital Fund Unspent Proceeds	<u>2,092</u>
Total Additions	<u>271,265</u>
Deduct:	
Remaining Premium on Bonds Payable	670,103
Short-Term Portion of Bonds Payable	780,000
Long-Term Portion Bonds Payable	<u>4,070,000</u>
Total Deductions	<u>5,520,103</u>
Net Investment in Capital Assets	\$ <u><u>9,728,477</u></u>

See Independent Auditor's Report.