

***FILLMORE CENTRAL SCHOOL DISTRICT***  
***AUDIT REPORTING PACKAGE***  
***FOR THE FISCAL YEAR ENDED JUNE 30, 2022***

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**2022 REPORTING PACKAGE**

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***FILLMORE CENTRAL SCHOOL DISTRICT***  
***FINANCIAL STATEMENTS***  
***AND SUPPLEMENTARY INFORMATION***  
***FOR THE FISCAL YEAR ENDED JUNE 30, 2022***  
***WITH***  
***REPORT OF CERTIFIED PUBLIC ACCOUNTANTS***

**FILLMORE CENTRAL SCHOOL DISTRICT**

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**2022 FINANCIAL STATEMENTS**

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of **Fillmore Central School District** as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise **Fillmore Central School District's** basic financial statements as listed in the table of contents. We have also audited the fiduciary fund types of the **Fillmore Central School District** as of June 30, 2022, as displayed in the District's basic financial statements.

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 **Fillmore Central School District**, as of June 30, 2022, 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.

#### **Basis for Opinions**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the **Fillmore Central School District** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Change in Accounting Principle**

As described in Note 6 to the financial statements, in 2022, the District adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter. In addition, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which resulted in a prior period adjustment as described in Note 6.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the **Fillmore Central School District's** ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

- Obtain an understanding of internal control relevant to the audit 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 **Fillmore Central School District's** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Fillmore Central School District's** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-9) and budgetary comparison information (pages 37-38) schedule of changes in District's net OPEB liability and related ratios (page 44), schedule of District contributions – OPEB (page 45), schedule of the District contributions for defined benefit pension plans (page 46) and the schedule of the District's proportionate share of the net pension asset/liability (page 47) be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Fillmore Central School District's** basic financial statements. The accompanying combining and individual fund financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, other schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated March 15, 2023, on our consideration of the **Fillmore 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the **Fillmore 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 **Fillmore Central School District's** internal control over financial reporting and compliance.

*Buffamante Whipple Buttafaro PC*

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

**Olean, New York  
March 15, 2023**

**I. Discussion and Analysis**

The following is a discussion and analysis of the *Fillmore Central School District's* financial performance for the year ended June 30, 2022. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which follows this section.

**II. Financial Highlights**

The following items are the financial highlights experienced by the *Fillmore Central School District* during the fiscal year ended June 30, 2022:

- Overall net position from operations of the District increased during the current year in the amount of \$2,842,000 as compared to an increase of \$1,710,000 during the prior fiscal year.
- The District's total revenue increased 8% from \$17,188,000 during June 30, 2021 to \$18,530,000 during June 30, 2022 primarily related to increases in Pandemic related grants and state aid.
- The District's total expenses increased approximately 1% from \$15,478,000 during the year ended June 30, 2021 to \$15,688,000 during the year ended June 30, 2022. This increase was primarily related to an increase in salaries, transportation expense and food purchases which were partially offset by a decrease in pension expense related to actuarial updates.
- The District had capital outlays during the current year in the amount of approximately \$4,950,000, which primarily related to capital improvements related to the District's improvement project and vehicle purchases.

**III. Overview of the Financial Statements**

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

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

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

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

**1. Statement of Net Position**

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

**2. Statement of Activities**

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

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

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

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

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

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

The District has two kinds of funds:

**1. Governmental Funds**

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

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

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

**1. Governmental Funds (continued)**

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

**2. Fiduciary Funds**

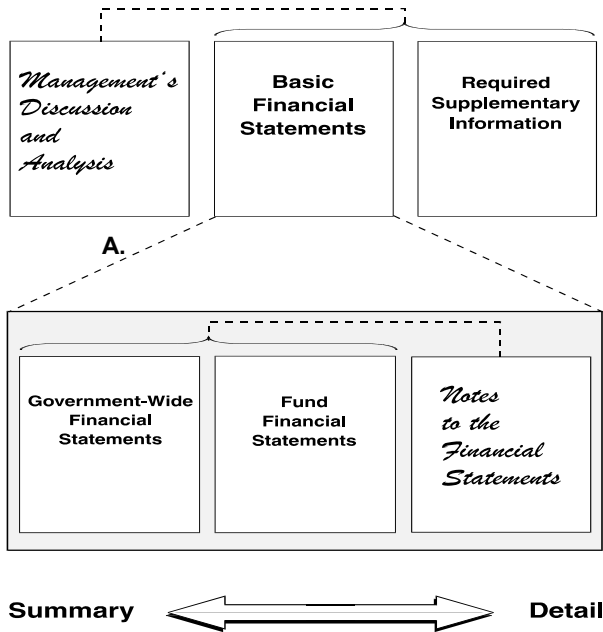
The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

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

	Fund Financial Statements		
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources /liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital and right-to use assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital and right-to-use assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid



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



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

Changes in Net Position (continued)

The total cost of all programs and services of the District increased 1% to \$15,688,000. The District's expenses cover a range of services, with 74% related to instruction and 13% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

Governmental Activities

Revenue of the District's governmental activities increased approximately 8%, while total expenses increased 1%. The District's total net position from operations increased approximately \$2,842,000 during the fiscal year ended June 30, 2022.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled \$18,530,000 for the fiscal year ended June 30, 2022. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 14% of the District's total revenue for governmental activities increased approximately 0% during the year ended June 30, 2022.
- The District's most significant revenue is state sources which represent \$13,435,000 or 73% of total governmental revenue. The District State sources increased 7% which was primarily related to an increase in State aid.
- During the year ended June 30, 2022, the District saw an increase in program revenue, which mostly resulted from an increase in operating grants and contributions which increased \$814,000 as compared with the prior year revenue. This increase was the result in an increase in Pandemic related grant revenue and Federal reimbursement related to additional meals served in the current year.

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

Net Position

The District's total reporting entity net position was approximately \$24,255,000. The components of net position include: net investment in capital and right-to-use assets, of \$15,044,000; restricted net position of \$7,592,000 and unrestricted net position of \$1,619,000.

Changes in Net Position

The District's total government-wide revenue increased by approximately 8% to \$18,530,000. Approximately 14%, 11% and 73% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 2% comes from federal aid, use of money and property, miscellaneous, charges for services and other operating grants and contributions.

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

Expenses

Figure A-8 presents the cost of each of the District's five largest expenditure-type, which include; general support, instruction, transportation, debt service and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were \$15,688,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support decreased by approximately \$399,000 or 16% which was primarily due to decrease in pension expense related to actuarial updates and maintenance projects in the prior fiscal year.
- The District's instruction costs increased by approximately \$61,000 or 1% which was primarily the result of an increase salaries which were partially offset by a decrease in pension expense related to actuarial updates.
- Debt service of the District increased by approximately \$89,000 or 30% during the year ended June 30, 2022 due to an increase in debt service interest expense.
- Transportation costs of the District increased by approximately \$323,000 or 33% during the year ended June 30, 2022 primarily as a result of an increase in salaries and contractual expenses.
- The District's cost of sales (food service fund) totaled \$381,000 during the current year as compared to \$245,000 during the fiscal year ended June 30, 2021 related to an increase in salaries and food costs.
- The District received approximately \$1,932,000 of operating grants and charges for services from its state and federal grants which subsidized certain programs of the District.
- Most of the District's net costs (\$13.8 million) were financed by real property taxes and state aid.

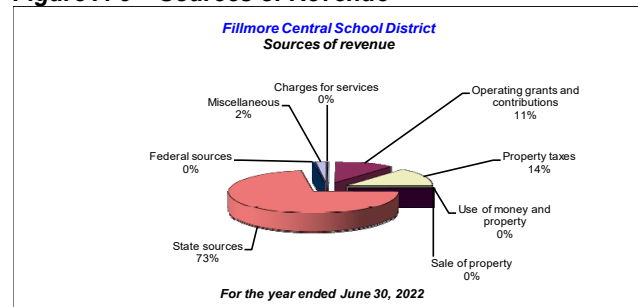
**Figure A-3 – Condensed Statement of Net Position**

<i>Fillmore Central School District</i>			
<b>Condensed Statement of Net Position (in thousands of dollars)</b>			
	Governmental Activities and Total District-wide		
	2022	2021	% Change
<b>Assets</b>			
Current and other assets	\$ 16,505	\$ 15,020	10%
Capital and right-to-use assets	29,522	25,638	15%
<b>Total assets</b>	<b>46,027</b>	<b>40,658</b>	<b>13%</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources and OPEB	4,119	4,262	-3%
<b>Total assets and deferred outflows of resources</b>	<b>\$ 50,146</b>	<b>\$ 44,920</b>	<b>12%</b>
<b>Liabilities</b>			
Other liabilities	\$ 1,674	\$ 9,826	-83%
Long-term debt outstanding	17,127	11,940	43%
<b>Total liabilities</b>	<b>18,801</b>	<b>21,766</b>	<b>-14%</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources and OPEB	7,090	2,200	222%
<b>Total liabilities and deferred inflows of resources</b>	<b>25,891</b>	<b>23,966</b>	<b>8%</b>
<b>Net position</b>			
Net investment in capital and right-to-use assets	15,044	13,411	12%
Restricted	7,592	6,437	18%
Unrestricted	1,619	1,106	46%
<b>Total net position</b>	<b>24,255</b>	<b>20,954</b>	<b>16%</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 50,146</b>	<b>\$ 44,920</b>	<b>12%</b>

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

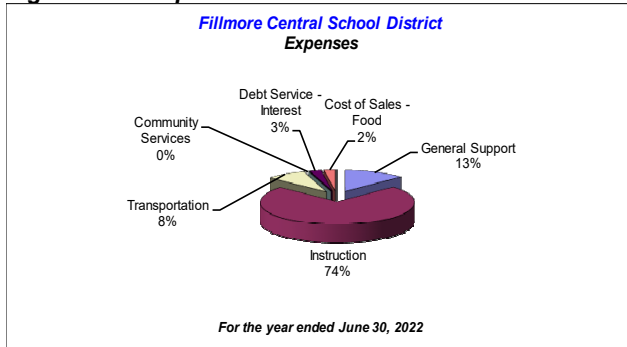
<i>Fillmore Central School District</i>			
<b>Changes in Net Position from Operating Results (in thousands of Dollars)</b>			
	Governmental Activities and Total District-wide		
	2022	2021	% Change
<b>Revenue</b>			
Program revenue			
Charges for services	\$ 30	\$ 2	1394%
Operating grants and contributions	1,902	1,116	70%
General revenue			
Real property taxes	2,694	2,681	0%
Use of money & property	6	3	108%
Sale of property & comp for loss	28	170	-83%
State sources	13,435	12,506	7%
Federal sources	64	424	-85%
Miscellaneous	371	286	30%
<b>Total revenue</b>	<b>18,530</b>	<b>17,188</b>	<b>8%</b>
<b>Expenses</b>			
General support	2,032	2,431	-16%
Instruction	11,579	11,518	1%
Transportation	1,313	990	33%
Debt service - interest	383	294	30%
Cost of sales	381	245	55%
<b>Total expenses</b>	<b>15,688</b>	<b>15,478</b>	<b>1%</b>
<b>Change in net position</b>	<b>\$ 2,842</b>	<b>\$ 1,710</b>	

**Figure A-5 – Sources of Revenue**



**FILLMORE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Figure A-6 - Expenses**



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

	Governmental Activities & Total District			
	2022		2021	
Expenditures supported with general revenue (from taxes & other sources)	\$ 13,756	88%	\$ 14,360	93%
Expenditures supported with program revenue	1,932	12%	1,118	7%
<b>Total expenditures related to governmental activities</b>	<b>\$ 15,688</b>	<b>100%</b>	<b>\$ 15,478</b>	<b>100%</b>

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

	Total cost of services			Net cost of services		
	2022	2021	Change	2022	2021	Change
General support	\$ 2,032	\$ 2,431	\$ (399)	\$ 2,032	\$ 2,354	\$ (322)
Instruction	11,579	11,518	61	10,196	10,722	(526)
Transportation	1,313	990	323	1,313	990	323
Debt service - interest	383	294	89	383	294	89
Cost of sales - food	381	245	136	(168)	-	(168)
<b>Total</b>	<b>\$ 15,688</b>	<b>\$ 15,478</b>	<b>\$ 210</b>	<b>\$ 13,756</b>	<b>\$ 14,360</b>	<b>\$ (604)</b>

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

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

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

Therefore, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt. Below is a description of the most significant changes to the fund financial statements from that reported in the previous year.

General Fund

- The District's general fund revenue and other sources exceeded expenditures and other uses by approximately \$749,000.
- The District's general fund unassigned fund balance equated to approximately \$1,388,000 as of June 30, 2022.
- The District had various fund balance reserves as June 30, 2022 and had a total restricted fund balance approximated \$6,218,000.
- The District's total assets increased approximately \$624,000 as of June 30, 2022, primarily due to an increase in due from Federal and State receivables. The District's liabilities decreased approximately \$124,000 in the current year as a result of a decrease in the due to other funds.
- Total revenue in the District's general fund increased \$516,000, which was primarily related to an increase in state aid. Total expenditures in the District's general fund increased \$862,000 primarily as a result of an increase in salaries and transportation costs.

Food Service Fund

- The District's food service fund experienced a \$168,000 increase in fund equity during the current fiscal year.
- Revenue in the District's food service fund was \$548,000 during 2022 as compared with \$304,000 in 2021. Expenditures increased approximately \$136,000 as a result of an increase in salaries and food costs. During the current year, the District had an increase in meals served.

Special Aid Fund

- The District's special aid fund revenue and expenditures increased approximately \$504,000 or 57% which was primarily related to an increase in the Pandemic related grants.

Capital Projects Fund

- The District had expenditures in the amount of approximately \$4,884,000 in the capital projects fund during the year ended June 30, 2022 which was related to the District's improvement project and vehicle purchases.

**VI. General Fund Budgetary Highlight**

Over the course of the year, the District makes many budget transfers. Actual expenditures were approximately \$1,404,000 below the revised budget. The most significant positive variances were in the area of instruction and employee benefits which totaled \$834,000 and \$670,000, respectively, below that budgeted. On the other hand, resources available for appropriations were approximately \$86,000 above the final budgeted amount. Significant variances of revenue items consisted of local sources and Federal sources which were approximately \$82,000 and \$26,000, respectively, above that budgeted.

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

<i>Fillmore Central School District</i>				
<i>General Fund - Budget vs Actual Comparison (in thousands of dollars)</i>				
	Revised Budget	Actual	Difference	%
<b>Revenue</b>				
Local sources	\$ 2,890	\$ 2,972	\$ 82	3%
State sources	13,457	13,435	(22)	0%
Federal sources	38	64	26	69%
<b>Total revenue</b>	<b>\$ 16,385</b>	<b>\$ 16,471</b>	<b>\$ 86</b>	<b>1%</b>
<b>Expenditures</b>				
General support	\$ 1,870	\$ 1,780	\$ 90	5%
Instruction	8,557	7,723	834	10%
Transportation	866	808	58	7%
Employee benefits	3,090	2,420	670	22%
Debt service	2,619	2,617	2	0%
Operating transfers	125	375	(250)	-200%
<b>Total expenditures</b>	<b>\$ 17,127</b>	<b>\$ 15,723</b>	<b>\$ 1,404</b>	<b>8%</b>

**VII. Capital and Right-to-use Assets and Debt Administration**

**Capital and Right-to-use Assets**

As depicted in Figure A-10, as of June 30, 2022, the District had invested approximately \$29,522,000 in a broad range of capital and right-to-use assets, including reconstruction projects, transportation vehicles and other equipment. Capital additions made during the year ended June 30, 2022, totaled approximately \$4,950,000 and consisted primarily of costs associated with the District's improvement project and vehicle purchases. More detailed information about the District's capital and right-to-use assets is presented in the notes of the financial statements.

**VII. Capital and Right-to-use Assets and Debt Administration (continued)**

**Long-term Debt**

As depicted in Figure A-11, as of June 30, 2022, the District had approximately \$17,128,000 in bonds, other post-employment benefits, net pension liability and compensated absences, an increase of approximately 43% as compared with the previous year. The increase in bonds payable was the result of the District issuing new bonds related to its improvement project, which was partially offset by regularly scheduled principal payments. The District also had a decrease in net pension liability related to the TRS and ERS pension liability becoming an asset as of June 30, 2022, as compared with a net pension liability in the prior year. In addition, the other post-employment benefits liability increased as a result of an actuarial update.

**Figure A-10 – Capital and Right-to-use Assets**

<i>Fillmore Central School District</i>			
<i>Capital and Right-to-Use Assets (net of depreciation/amortization)</i>			
	Governmental Activities & Total District-wide		
	2022	2021	Change
Land	\$ 308,063	\$ 308,063	0%
Building, equipment, vehicles and right-to-use assets	48,766,431	43,148,078	13%
Accumulated depreciation/amortization	(19,552,377)	(17,818,504)	10%
<b>Total Capital and Right-to-Use Assets, net</b>	<b>\$ 29,522,117</b>	<b>\$ 25,637,637</b>	<b>15%</b>

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

<i>Fillmore Central School District</i>			
<i>Outstanding Long-Term Debt and Liabilities</i>			
	Governmental Activities & Total District-wide		
	2022	2021	Change
Bonds payable	\$ 14,290,778	\$ 8,452,411	69%
Net pension liability - TRS and ERS	-	745,349	-100%
Other post-employment benefits	2,688,823	2,585,317	4%
Lease liability	14,725	-	n/a
Compensated absences	133,738	156,585	-15%
<b>Total Long-Term Debt</b>	<b>\$ 17,128,064</b>	<b>\$ 11,939,662</b>	<b>43%</b>

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

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

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

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

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

Fillmore Central School District  
District Administrative Offices  
Attention: Mr. Joseph Butler, Business Manager  
104 West Main Street  
Fillmore, NY 14735

**FILLMORE CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2022**

Schedule 1

**Page 10**

	<u>2022</u>
<b>Assets</b>	
Cash	
Unrestricted	\$ 1,369,928
Restricted	7,563,585
Receivables	
State and federal aid	2,034,608
Other receivables	10,821
Inventories	8,596
Net pension asset - NYS Teachers' Retirement System	4,656,762
Net pension asset - NYS Employees' Retirement System	418,638
Cash to be used toward capital assets	442,393
Capital and right-to-use assets, net	<u>29,522,117</u>
Total assets	<u>46,027,448</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to bond refunding	12,386
Deferred outflows related to pensions	3,532,440
Deferred outflows related to OPEB	<u>574,213</u>
Total deferred outflows	<u>4,119,039</u>
Total assets and deferred outflows of resources	<u>\$ 50,146,487</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 167,001
Accrued liabilities	41,437
Accrued interest	37,000
Due to other governments	1,134
Due to retirement systems	574,036
Unearned revenue	252,142
Bond anticipation notes payable	600,460
Long-term liabilities	
Portion due or payable within one year	
Bonds payable	2,165,000
Lease liability	4,845
Portion due or payable after one year	
Bonds payable	12,125,778
Other post-employment benefits payable	2,688,823
Lease liability	9,880
Compensated absences	<u>133,738</u>
Total liabilities	<u>18,801,274</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows related to pensions	6,643,855
Deferred inflows related to OPEB	<u>445,738</u>
Total deferred outflows	<u>7,089,593</u>
Total liabilities and deferred inflows of resources	<u>25,890,867</u>
<b>Net Position</b>	
Invested in capital and right-to-use assets, net of related debt	15,043,783
Restricted	7,591,751
Unrestricted	<u>1,620,086</u>
Total net position	<u>24,255,620</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 50,146,487</u>

**FILLMORE CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**Schedule 2**

**Page 11**

	Expenses	Indirect Expenses Allocation	Program Revenues		2022 Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants	
<b>Functions/Programs</b>					
General support	\$ 1,912,845	\$ 119,548	\$ -	\$ -	\$ (2,032,393)
Instruction	10,560,160	1,018,538	1,700	1,381,901	(10,195,097)
Pupil transportation	950,118	363,099	-	-	(1,313,217)
Debt service	383,120	-	-	-	(383,120)
Food service program	380,858	-	28,185	520,259	167,586
Depreciation/amortization	1,501,185	(1,501,185)	-	-	-
Total functions and programs	<u>\$ 15,688,286</u>	<u>\$ -</u>	<u>\$ 29,885</u>	<u>\$ 1,902,160</u>	<u>(13,756,241)</u>
<b>General Revenues</b>					
Real property taxes					2,693,632
Use of money and property					6,298
Sale of property and compensation for loss					28,144
Miscellaneous					370,797
State sources					13,435,175
Federal sources					64,405
Total general revenues					<u>16,598,451</u>
<b>Change in net position</b>					2,842,210
Net position - beginning of year					20,954,296
Prior period adjustments					459,114
<b>Net position - end of year</b>					<u>\$ 24,255,620</u>

**FILLMORE CENTRAL SCHOOL DISTRICT**  
**COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS**  
**AS OF JUNE 30, 2022**

**Schedule 3**

**Page 12**

	Governmental Funds						2022
	General	Special Aid	Food Service	Miscellaneous Special Revenue	Debt Service	Capital Projects	(Memo only) Total
<b>Assets</b>							
Unrestricted cash	\$ 525,349	\$ 470,854	\$ 292,358	\$ 53,592	\$ -	\$ 442,393	\$ 1,784,546
Restricted cash	6,217,628	-	-	-	1,373,732	-	7,591,360
Due from other funds	774,807	30,673	-	-	391	50,000	855,871
State and federal aid receivable	1,401,087	536,453	97,068	-	-	-	2,034,608
Other receivables	3,990	6,831	-	-	-	-	10,821
Inventories	-	-	8,596	-	-	-	8,596
<b>Total assets</b>	<b>\$ 8,922,861</b>	<b>\$ 1,044,811</b>	<b>\$ 398,022</b>	<b>\$ 53,592</b>	<b>\$ 1,374,123</b>	<b>\$ 492,393</b>	<b>\$ 12,285,802</b>
<b>Liabilities and Fund Equity</b>							
<b>Liabilities</b>							
Accounts payable	\$ 102,261	\$ 306	\$ 61	\$ -	\$ -	\$ 64,373	\$ 167,001
Accrued liabilities	40,742	-	695	-	-	-	41,437
Bond anticipation notes payable	-	-	-	-	-	600,460	600,460
Due to other funds	50,000	792,363	13,117	-	-	391	855,871
Unearned revenue	-	252,142	-	-	-	-	252,142
Due to other governments	1,000	-	134	-	-	-	1,134
Due to Teachers' Retirement System	518,911	-	-	-	-	-	518,911
Due to Employees' Retirement System	55,125	-	-	-	-	-	55,125
<b>Total liabilities</b>	<b>768,039</b>	<b>1,044,811</b>	<b>14,007</b>	<b>-</b>	<b>-</b>	<b>665,224</b>	<b>2,492,081</b>
<b>Fund Equity</b>							
Nonspendable	-	-	8,596	-	-	-	8,596
Restricted	6,217,628	-	-	-	1,374,123	-	7,591,751
Committed	-	-	-	53,592	-	-	53,592
Assigned	548,839	-	375,419	-	-	-	924,258
Unassigned (deficit)	1,388,355	-	-	-	-	(172,831)	1,215,524
<b>Total fund equity (deficit)</b>	<b>8,154,822</b>	<b>-</b>	<b>384,015</b>	<b>53,592</b>	<b>1,374,123</b>	<b>(172,831)</b>	<b>9,793,721</b>
<b>Total liabilities and fund equity</b>	<b>\$ 8,922,861</b>	<b>\$ 1,044,811</b>	<b>\$ 398,022</b>	<b>\$ 53,592</b>	<b>\$ 1,374,123</b>	<b>\$ 492,393</b>	<b>\$ 12,285,802</b>



**FILLMORE CENTRAL SCHOOL DISTRICT**  
**COMBINED STATEMENT OF REVENUE, EXPENDITURES AND**  
**CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**Schedule 4**

**Page 13**

	Governmental Funds						2022 (Memo only) Total
	General	Special Aid	Food Service	Miscellaneous Special Revenue	Debt Service	Capital Projects	
<b>Revenue</b>							
Real property taxes	\$ 2,693,632	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,693,632
Charges for services	1,700	-	-	-	-	-	1,700
Use of money and property	4,103	-	-	-	2,195	-	6,298
Sale of property/compensation for loss	28,144	-	-	-	-	-	28,144
Miscellaneous	244,364	44,750	-	140,342	391	-	429,847
State sources	13,435,175	282,434	10,108	-	-	-	13,727,717
Federal sources	64,405	1,040,417	490,224	-	-	-	1,595,046
Surplus food	-	-	19,927	-	-	-	19,927
Sales (school food service)	-	-	28,185	-	-	-	28,185
Total revenue	16,471,523	1,367,601	548,444	140,342	2,586	-	18,530,496
<b>Expenditures</b>							
General support	1,780,021	-	134,772	-	-	-	1,914,793
Instruction	7,722,500	1,037,293	-	130,041	-	-	8,889,834
Pupil transportation	807,998	-	-	-	-	229,942	1,037,940
Employee benefits	2,419,939	344,608	40,193	-	-	-	2,804,740
Debt service	2,617,445	-	-	-	-	-	2,617,445
Capital outlay	-	-	-	-	-	4,653,724	4,653,724
Cost of sales	-	-	202,090	-	-	-	202,090
Other expenses	-	-	3,803	-	-	-	3,803
Total expenditures	15,347,903	1,381,901	380,858	130,041	-	4,883,666	22,124,369
Excess (deficiency) of revenue over expenditures	1,123,620	(14,300)	167,586	10,301	2,586	(4,883,666)	(3,593,873)
<b>Other sources and uses</b>							
Bond anticipation notes redeemed from appropriations	-	-	-	-	-	591,300	591,300
Proceeds from issuance of bonds	-	-	-	-	-	6,945,000	6,945,000
Premium on bond issuance	-	-	-	-	-	588,294	588,294
Operating transfers in	-	14,300	-	-	-	360,542	374,842
Operating transfers out	(374,842)	-	-	-	-	-	(374,842)
Total other sources (uses)	(374,842)	14,300	-	-	-	8,485,136	8,124,594
<b>Excess of revenue and other sources over expenditures and other uses</b>							
	748,778	-	167,586	10,301	2,586	3,601,470	4,530,721
Fund equity (deficit), beginning of year	7,406,044	-	216,429	-	1,371,537	(3,774,301)	5,219,709
Prior period adjustment	-	-	-	43,291	-	-	43,291
<b>Fund equity (deficit), end of year</b>	<b>\$ 8,154,822</b>	<b>\$ -</b>	<b>\$ 384,015</b>	<b>\$ 53,592</b>	<b>\$ 1,374,123</b>	<b>\$ (172,831)</b>	<b>\$ 9,793,721</b>

**FILLMORE CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**AS OF JUNE 30, 2022**

Schedule 5

**Page 14**

	<u>Private Purpose Trusts</u>
<b>Assets</b>	
Unrestricted cash	\$ 35,818
Due from other funds	<u>-</u>
Total assets	<u>\$ 35,818</u>
<b>Liabilities</b>	
Accrued liabilities	\$ -
Student extraclassroom activity funds	<u>-</u>
Total liabilities	<u>-</u>
<b>Net position</b>	
Reserved for scholarships	<u>35,818</u>
Total liabilities and net position	<u>\$ 35,818</u>

**FILLMORE CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Schedule 6

**Page 15**

	<u>6/30/2022</u>
<b>Additions</b>	
Gifts and contributions	<u>\$ 7,750</u>
Total additions	7,750
<b>Deductions</b>	
Scholarships awarded	<u>4,100</u>
Total deductions	4,100
<b>Change in net position</b>	3,650
Net position - beginning of year	<u>32,168</u>
<b>Net position - end of year</b>	<u><u>\$ 35,818</u></u>

**FILLMORE CENTRAL SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2022**

**Total fund balances - governmental funds** \$ 9,793,721

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

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

Cost of the assets	\$ 49,074,494	
Accumulated depreciation/amortization	<u>(19,552,377)</u>	29,522,117

District's proportionate share of the net pension asset is reported on the statement of net position, whereas in the governmental funds pension costs are based on required contributions. 5,075,400

Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due. (37,000)

Deferred outflows from the refunding of debt is reported in the statement of net position and is amortized over the refunded debt. In the governmental funds the total sources and payments related to the refunding are recognized in the statement of revenue, expenditures and changes in fund equity at the time of refunding. 12,386

Deferred inflows/outflows of resources related to actuarial pension differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds pension expense is based on required contributions. (3,111,415)

Deferred inflows/outflows of resources related to actuarial OPEB differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds OPEB expense is based on required contributions. 128,475

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

Bonds payable	(14,290,778)	
Other post-employment benefits payable	(2,688,823)	
Lease liability	(14,725)	
Compensated absences	<u>(133,738)</u>	(17,128,064)

**Total net position - governmental activities** \$ 24,255,620

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
<b>Assets</b>					
Cash	\$ 9,375,906	\$ -	\$ -	\$ (442,393)	\$ 8,933,513
Due from other funds	855,871	-	-	(855,871)	-
State and federal aid receivable	2,034,608	-	-	-	2,034,608
Other receivables	10,821	-	-	-	10,821
Inventories	8,596	-	-	-	8,596
Net pension asset	-	5,075,400	-	-	5,075,400
Cash to be used towards capital assets	-	-	-	442,393	442,393
Capital and right-to-use assets, net	-	29,522,117	-	-	29,522,117
Total assets	12,285,802	34,597,517	-	(855,871)	46,027,448
<b>Deferred Outflows of Resources</b>					
Deferred outflows related to bonds	-	12,386	-	-	12,386
Deferred outflows related to pensions	-	3,532,440	-	-	3,532,440
Deferred outflows related to OPEB	-	574,213	-	-	574,213
Total assets and deferred outflows of resources	\$ 12,285,802	\$ 38,716,556	\$ -	\$ (855,871)	\$ 50,146,487
<b>Liabilities and Fund Equity/Net Position</b>					
<b>Liabilities and Fund Equity/Net Position</b>					
Accounts payable	\$ 167,001	\$ -	\$ -	\$ -	\$ 167,001
Accrued liabilities	41,437	-	-	-	41,437
Accrued interest	-	-	37,000	-	37,000
Due to other funds	855,871	-	-	(855,871)	-
Unearned revenue	252,142	-	-	-	252,142
Due to other governments	1,134	-	-	-	1,134
Due to retirement systems	574,036	-	-	-	574,036
Bond anticipation notes payable	600,460	-	-	-	600,460
Bonds payable	-	-	14,290,778	-	14,290,778
Other post-employment benefits payable	-	-	2,688,823	-	2,688,823
Lease liability	-	-	14,725	-	14,725
Compensated absences	-	-	133,738	-	133,738
Total liabilities	2,492,081	-	17,165,064	(855,871)	18,801,274
<b>Deferred Inflows of Resources</b>					
Deferred inflows related to pensions	-	-	6,643,855	-	6,643,855
Deferred inflows related to OPEB	-	-	445,738	-	445,738
Total liabilities and deferred inflows of resources	2,492,081	-	24,254,657	(855,871)	25,890,867
<b>Fund equity and net position</b>	9,793,721	38,716,556	(24,254,657)	-	24,255,620
Total liabilities, deferred inflows of resources, and fund equity/net position	\$ 12,285,802	\$ 38,716,556	\$ -	\$ (855,871)	\$ 50,146,487

**FILLMORE CENTRAL SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**Total net change in fund balances - governmental funds** \$ 4,530,721

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. Activity for the current fiscal year ended was as follows:

Capital outlays	\$ 4,950,335	
Depreciation/amortization expense	(1,501,185)	3,449,150

Repayment of bond principal, including bond refundings, and bond anticipation notes is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,584,782
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Proceeds from the issuance of long-term debt (including bond refundings and premiums) is recorded as other sources (revenue) in the governmental sources, whereas in the statement of net position such proceeds are classified as long-term debt.	(7,533,294)
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus required the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. In addition, in the statement of activities interest includes amortization of deferred outflow related to bond refunding.	58,243
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District's proportionate share of actuarial calculated pension expense and net amortization of deferred amounts are recorded in the statement of activities, whereas in the governmental funds pension expense is based on District's required contribution to pension plans.	863,264
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District's actuarial calculated OPEB expense and net amortization of deferred outflows and inflows related to OPEB are recorded in the statement of activities, whereas in the governmental funds OPEB expense is based on District's required contribution to the OPEB plan.	(133,503)
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In the statement of activities, certain operating expenses - compensated absences and special termination benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, compensated absences and special termination benefits changed by this amount.	22,847
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<b>Change in net position of governmental activities</b>	<b>\$ 2,842,210</b>
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	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
<b>Revenue</b>					
Real property taxes	\$ 2,693,632	\$ -	\$ -	\$ -	\$ 2,693,632
Charges for services	1,700	-	-	(1,700)	-
Use of money and property	6,298	-	-	-	6,298
Sale of property compensation for loss	28,144	-	-	-	28,144
Miscellaneous	429,847	-	-	(59,050)	370,797
State sources	13,727,717	-	-	(292,542)	13,435,175
Federal sources	1,595,046	-	-	(1,530,641)	64,405
Surplus food	19,927	-	-	(19,927)	-
Sales (school food service)	28,185	-	-	(28,185)	-
Total revenue	18,530,496	-	-	(1,932,045)	16,598,451
<b>Expenditures</b>					
General support	1,914,793	95,741	(22,847)	44,706	2,032,393
Instruction	8,889,834	975,676	-	329,587	10,195,097
Pupil transportation	1,037,940	133,157	-	142,120	1,313,217
Employee benefits	2,804,740	-	(729,761)	(2,074,979)	-
Debt service	2,617,445	-	(2,234,325)	-	383,120
Capital outlays	4,653,724	(4,653,724)	-	-	-
Cost of sales	202,090	-	-	(369,676)	(167,586)
Other expenses	3,803	-	-	(3,803)	-
Total expenditures	22,124,369	(3,449,150)	(2,986,933)	(1,932,045)	13,756,241
Excess (deficiency) of revenue over expenditures	(3,593,873)	3,449,150	2,986,933	-	2,842,210
<b>Other sources and uses</b>					
Bond anticipation notes redeemed from appropriations	591,300	-	(591,300)	-	-
Proceeds from issuance of bonds	6,945,000	-	(6,945,000)	-	-
Premium on bond issuance	588,294	-	(588,294)	-	-
Operating transfers in	374,842	-	-	(374,842)	-
Operating transfers out	(374,842)	-	-	374,842	-
Total other sources (uses)	8,124,594	-	(8,124,594)	-	-
<b>Net change for year</b>	\$ 4,530,721	\$ 3,449,150	\$ (5,137,661)	\$ -	\$ 2,842,210

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

**I. Significant Accounting Policies**

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

**A. Reporting Entity**

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

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

**1. The Extraclassroom Activity Funds**

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

**B. Joint Venture**

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

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

**B. Joint Venture (continued)**

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

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

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

During the year, the District was billed \$3,289,000 for BOCES administration, capital and program costs. The District's share of BOCES aid and refunds amounted to \$1,377,000 for the year ended June 30, 2022. Financial statements for the Cattaraugus-Allegany BOCES are available at the BOCES administrative offices in Olean, New York.

**C. Basis of Presentation**

**1. District-wide Statements**

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



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

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

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

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

**2. Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

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

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

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

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

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

**Miscellaneous Special Revenue** - is used to account for and report those revenues that are restricted and committed to expenditures for specified purposes including extraclassroom activity funds.

**Fiduciary Fund Types** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These activities are not included in the District-wide financial statements because their resources do not belong to the District, and are not available to be used.

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

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period, except for real property taxes, which are considered to be available if they are collected 60 days after the end of the fiscal year.

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

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

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

**E. Cash and Cash Equivalents**

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

**F. Inventory**

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

**G. Investments**

Investments are stated at current market value.

**H. Accounts Receivable**

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

**I. Capital Assets**

In a prior year, the District had a full independent appraisal of its fixed assets conducted by an independent appraisal of its fixed assets conducted by an independent third party professional at which time estimated historical costs and accumulated depreciation was determined.

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

**I. Capital Assets (continued)**

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

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 2,000	Straight-line	40 years
Land improvements	2,000	Straight-line	25-30 years
Furniture and equipment	2,000	Straight-line	5-20 years
Transportation vehicles	2,000	Straight-line	8 years

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

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

**K. Compensated Absences**

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave. The District has recorded an estimated liability in the District-wide financial statements amounting to \$133,738. The liability for compensated absences is calculated at rates in effect as of the balance sheet date.

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has four items that qualify for reporting in this category.

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

**L. Deferred Inflows and Outflows of Resources (continued)**

The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Next is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the District-Wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience. The last item is a deferred charge on the refunding of bonds which results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 qualify for reporting in this category. The first item is related to pensions reported in the District-Wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS and TRS Systems) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the District-Wide Statement of Net Position. This represents the actuarial differences that are deferred and amortized.

**M. Unearned Revenue**

Unearned revenue is reported on the District's combined balance sheet. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

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

**N. Other Post-Employment Benefits**

In addition to providing pension benefits, the School District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is based on employment contracts.

The District recognized the cost of providing health insurance by recording its share of insurance premiums (for retirees and their dependents) as an expenditure in the general fund in the year paid. The District has recorded an estimated liability in the District-wide financial statements amounting to \$2,688,823 to recognize the estimated cost of the benefits for to be paid in subsequent fiscal years to retirees.

**O. Fund Equity**

**1. Governmental Funds**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes

GASB 54 requires the fund balance amounts to be reported within one of the fund balance categories listed below:

**A. Nonspendable**

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

**1. Reserve for Inventory**

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

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

**O. Fund Equity (continued)**

**1. Governmental Funds (continued)**

**B. Restricted**

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

**1. Reserve for Unemployment**

This reserve is used to accumulate funds to pay the cost of reimbursement to the New York State Unemployment Insurance Fund for payments made to claimants. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may be either transferred to another reserve or the excess applied to the appropriations next fiscal year's budget. This reserve is recorded in the General Fund.

**2. Reserve for Insurance**

This reserve is used to pay liability, casualty and other types of losses, except losses incurred for which the following type of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. The reserve is recorded in the General Fund.

**3. Employee Benefits Reserve**

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

**4. Debt Service Reserve**

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

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

**O. Fund Equity (continued)**

**1. Governmental Funds (continued)**

**B. Restricted (continued)**

**5. Reserve for Endowment Scholarships**

This reserve is used to account for endowments, scholarships and other funds held in trust by the School District. These monies and earnings must be used for the specific purpose of the original contribution. This reserve is recorded in the Private Purpose Trust Fund.

**6. Reserve for Retirement**

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

**7. Reserve for Tax Certiorari**

Tax Certiorari Reserve is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amounts which might reasonable be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. This reserve is accounted for in the General Fund.

**8. Workers' Compensation Reserve**

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

**9. Capital Reserve**

This reserve is used to accumulate funds to finance all or a portion of future capital projects and vehicles for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. This reserve is accounted for in the General Fund.

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

**O. Fund Equity (continued)**

**1. Governmental Funds (continued)**

**C. Committed**

Fund balance amounts that can be used only for specific purposes determined by a formal action of the District's Board of Education, which is the District's highest level of decision-making authority. The District reports the outstanding balance of the extraclassroom activities as of June 30, 2022 as committed in the miscellaneous special revenue fund.

**D. Assigned**

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

**1. Encumbrance Accounting**

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds, and Capital Projects Fund.

If resources have already been restricted or committed for encumbrances, the encumbered amounts will be included with restricted or committed resources. If resources have not already been restricted or committed, amounts encumbered are considered assigned for the purpose of the expected expenditure. There were no encumbrances as of June 30, 2022.

**2. Appropriated Fund Equity**

General Fund - The amount of \$548,839 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2023 as allowed by Section 1318 of the Real Property Tax Law.

**E. Unassigned**

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

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

**O. Fund Equity (continued)**

**2. Government-wide Financial Statements**

**A. Net Investment in Capital and Right-to-Use Assets**

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

**B. Restricted**

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

**C. Unrestricted**

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

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

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

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

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

**P. Budgetary Procedures and Budgetary Accounting**

**1. Budget Policies**

The budget policies are as follows:

- a) The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund and the School Food Service Fund.
- b) The proposed appropriations budget is approved by the voters within the District.
- c) Appropriations are adopted at the program level.
- d) Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year-end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The District had no supplemental appropriations during the year ended June 30, 2022.

**2. Budget Basis for Accounting**

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

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

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

**Q. Property Taxes**

**1. Calendar**

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

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

**Q. Property Taxes (continued)**

**2. Enforcement**

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

**R. Interfund Transfers**

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

**S. Deferred Compensation Plan**

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

**T. Estimates**

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

**U. Reclassifications**

Certain prior year amounts have been reclassified to conform with the current year presentation.

**V. New Accounting Pronouncement**

Effective July 1, 2021, the District implemented the provisions of GASB Statement 87 which establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset, thereby, eliminating the distinction between operating and capital leases. As a result substantially all leases are reported on the district-wide statement of net position.

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

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

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

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

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

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

**1. Long-term Revenue Differences**

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

**2. Long-term Asset Transaction 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 and right-to-use items in the governmental fund statements and depreciation/amortization expense on those items as recorded in the Statement of Activities.

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

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

**3. Long-term Liability 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.

**4. 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 to the pension systems.

**5. OPEB differences**

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

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

**I. Cash**

The *Fillmore Central School District's* investment policies are governed by State statutes. School District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District treasurer is authorized to use demand accounts and certificates of deposits. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. While the District does not have a specific policy with regards to custodial credit risk, New York State statutes govern the District's investment policies. At June 30, 2022, the District's bank deposits were fully collateralized.

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

**FILLMORE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

**I. Cash (continued)**

**A. Deposits**

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

- (1) Insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the entity or by its agent in the entity's name;
- (2) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or
- (3) Uncollateralized

Total financial institution (bank) balances at June 30, 2022 per the bank were approximately \$9,487,000. Deposits are categorized as follows:

Category 1	Category 2	Category 3	Carrying Value
\$504,000	\$8,983,000	\$ -	\$9,487,000

**II. Interfund Transactions**

Interfund balances as of June 30, 2022 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 774,807	\$ 50,000
Special Aid Fund	30,673	792,363
Capital Projects Fund	50,000	391
Debt Service Fund	391	-
Food Service Fund	-	13,117
Private Purpose Trust	-	-
Total	<u>\$ 855,871</u>	<u>\$ 855,871</u>

Interfund transactions for the year ended June 30, 2022 are as follows:

	<u>Interfund Revenue</u>	<u>Interfund Expenditures</u>
General Fund	\$ -	\$ 374,842
Federal Fund	14,300	-
Food Service Fund	-	-
Capital Projects Fund	360,542	-
Debt Service Fund	-	-
Total	<u>\$ 374,842</u>	<u>\$ 374,842</u>

During the year ended June 30, 2022, the District transferred \$360,542 from the general fund to capital projects fund related to a capital outlay project (\$93,600), towards bus purchases (\$56,942) and to fully fund the District's 2020 improvement project (\$210,000). In addition, the District transferred \$14,300 from the general fund to the special aid fund which represented the local share of the summer school program.

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

**III. Receivables**

Receivables at June 30, 2022 consisted of the following, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Special Aid	State and Federal Aid	\$ 536,453
Special Aid	Other receivable	6,831
General	State and Federal Aid	1,401,087
General	Other Receivables	3,990
General	Due from other Governments	-
Food Service	State and Federal Aid	97,068
Food Service	Other receivable	-
Capital	State and Federal Aid	-
		<u>\$ 2,045,429</u>

**IV. Capital and Right-to-Use Assets**

**A. Capital Assets**

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	<u>Beginning Balance 06/30/21</u>	<u>Net Change</u>	<u>Ending Balance 06/30/22</u>
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 308,063	\$ -	\$ 308,063
Construction in Process	4,354,829	4,462,131	8,816,960
Capital assets that are depreciated:			
Buildings and improvements	34,680,556	196,850	34,877,406
Furniture and equipment	4,112,693	383,091	4,495,784
Total historical cost	<u>43,456,141</u>	<u>\$ 5,042,072</u>	<u>48,498,213</u>
Less accumulated depreciation:			
Buildings and improvements	14,681,530	\$ 1,599,738	16,281,268
Furniture and equipment	3,136,974	(70,902)	3,066,072
Total accumulated depreciation	<u>17,818,504</u>	<u>\$ 1,528,836</u>	<u>19,347,340</u>
Total net book value	<u>\$25,637,637</u>		<u>\$29,150,873</u>



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

**IV. Capital and Right-to-use Assets (continued)**

**B. Depreciation and Amortization**

Depreciation/amortization expense was charged to governmental functions as follows:

General support	\$ 119,548
Instruction	1,018,538
Pupil transportation	<u>363,099</u>
	<u>\$ 1,501,185</u>

**C. Right-to-Use Assets**

The District reported right-to-use assets net of amortization as of June 30, 2022 in the amount of \$371,244. More information related to the right-to-use assets is disclosed in Note 6.

**D. Capital Additions**

During the fiscal year ended June 30, 2022, the District had capital additions in the amount of \$4,950,335.

**V. Liabilities**

**A. Pension Plans**

**1. Plan Descriptions and Benefits Provided**

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

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

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

**V. Liabilities (continued)**

**A. Pension Plans (continued)**

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

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

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

**2. Contributions**

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service.

**FILLMORE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

**V. Liabilities (continued)**

**A. Pension Plans (continued)**

**2. Contributions (continued)**

In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

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

Year	TRS	ERS
2022	\$ 478,000	\$ 223,000
2021	435,000	202,000
2020	403,000	198,000

Over the years, State Legislature authorized local governments to make available retirement incentive programs to qualifying employees. The District had no expenditures or outstanding balance related to such incentive programs.

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

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

**V. Liabilities (continued)**

**A. Pension Plans (continued)**

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

At June 30, 2022, the District reported the following asset (liability) for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

Measurement date	ERS 3/31/2022	TRS 6/30/2021
Net pension asset (liability)	\$ 418,638	\$ 4,656,762
District's portion of the Plan's total net pension asset (liability)	.0051212%	.026873%

For the year ended June 30, 2022, the District's recognized pension expense (benefit) of \$55,568 for ERS and \$(261,238) for TRS. At June 30, 2022 the District's 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	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 31,704	\$ 641,885	\$ 41,122	\$ 24,194
Changes of assumptions	698,661	1,531,706	11,789	271,243
Net difference between projected and actual earnings on pension plan investments	-	-	1,370,866	4,873,783
Changes in proportion and differences between the Districts contributions and proportionate share of contributions	70,338	24,911	6,920	43,938
District's contributions subsequent to the measurement date	55,125	478,110	-	-
<b>Total</b>	<b>\$ 855,828</b>	<b>\$ 2,676,612</b>	<b>\$ 1,430,697</b>	<b>\$ 5,213,158</b>

**FILLMORE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

**V. Liabilities (continued)**

**A. Pension Plans (continued)**

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

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, including contributions subsequent to the measurement date, will be recognized in pension expense as follows:

	ERS	TRS
Year ended:		
2023	\$ (80,674)	\$ (595,399)
2024	(135,503)	(712,076)
2025	(344,912)	(897,812)
2026	(68,905)	(1,178,767)
2027	-	215,112
Thereafter	-	154,286

**4. Actuarial Assumptions**

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	3/31/22	6/30/21
Actuarial valuation date	4/1/21	6/30/20
Interest rate	5.9%	6.95%
Salary scale	4.4% average 4/1/15 – 3/31/20 System's	1.95% - 5.18% 7/1/15 – 6/30/20 System's
Decrement tables	Experience	Experience
Inflation rate	2.7%	2.4%

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

**V. Liabilities (continued)**

**A. Pension Plans (continued)**

**4. Actuarial Assumptions (continued)**

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

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

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

Measurement date	ERS 3/31/22	Expected Rate of Return	TRS 6/30/21	Expected Rate of Return
<b>Asset Type:</b>				
Domestic equity	32%	3.30%	33%	6.8%
International equity	15%	5.85%	16%	7.6%
Global equity	-	-	4%	7.1%
Private equity	10%	6.50%	8%	10.0%
Real Estate	9%	5.00%	11%	6.5%
Opportunistic/ARS portfolio	3%	4.10%	-	-
Credit	4%	3.78%	-	-
Real assets	3%	5.58%	-	-
Domestic fixed income securities	-	-	16%	1.3%
Global fixed income securities	-	-	2%	0.8%
Real estate debt	-	-	7%	3.3%
Private debt	-	-	1%	5.9%
High-yield fixed income	-	-	1%	3.8%
Fixed Income	23%	-	-	-
Cash	1%	-1.0%	1%	(2)%
Total:	<u>100%</u>		<u>100%</u>	

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

**V. Liabilities (continued)**

**A. Pension Plans (continued)**

**5. Discount Rate**

The discount rate used to calculate the total pension asset (liability) was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

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

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1- percentage point lower (4.9% for ERS and 5.95% for TRS) or 1-percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
ERS			
Employer's proportionate share of the net pension asset/ (liability)	\$ (1,077,571)	\$ 418,638	\$ 1,670,145
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
TRS			
Employer's proportionate share of the net pension asset/ (liability)	\$ 488,659	\$ 4,656,762	\$ 8,159,750

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

**V. Liabilities (continued)**

**A. Pension Plans (continued)**

**7. Pension Plan Fiduciary Net Position**

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

Measurement date	ERS		TRS	
	3/31/2022		6/30/2021	
Employers' total pension liability	\$ 223,874,888		\$ 130,819,415	
Plan Net Position	\$ 232,049,473		\$ 148,148,457	
Employers' net pension asset (liability)	\$ 8,174,585		\$ 17,329,042	
Ratio of plan net position to be				
Employers' total pension asset (liability)	103.65%		113.2%	

**8. Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$55,125.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022 amounted to \$518,911 (employer contributions \$478,110 and employee contributions of \$40,801).

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

**V. Liabilities (continued)**

**B. Other Post-Employment Benefits**

Plan Description

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

Employees Covered by Benefit Terms

For the fiscal year ended June 30, 2022 the plan had total 132 active employees and 13 retirees.

Total OPEB Liability

The District's total OPEB liability of \$2,688,823 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020.

Actuarial Methods and Other Inputs

The total OPEB liability measured as of June 30, 2022 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5% per year
Salary increases	Based on NYSERS and NYSTRS valuation as of June 30, 2021
Discount rate	2.19%
Healthcare cost trend rates	2022 – 7.5% reduced to an ultimate rate of 4.5% after 2028
Retirees' share of benefit-related costs	Based on contracts in effect at year of retirement

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

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

The actuarial assumptions used in the July 1, 2020 valuation represent a long-term expectation of future OPEB outcomes.

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

**V. Liabilities (continued)**

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

Actuarial Assumptions and Other Inputs (continued)

*Retirees' share of benefit related costs* – Retirees are responsible for the portion of premium rates not covered by the District's explicit subsidy.

Changes in the Total OPEB Liability

Service cost	\$	170,166
Interest		71,681
Differences between expected and actual experience		(101,131)
Changes in assumptions		85,017
Benefit payments		(122,227)
Net changes		103,506
Net OPEB liability – beginning of year		2,585,317
Net OPEB liability – end of year	\$	<u>2,688,823</u>

Changes of assumptions reflect a change in the discount rate from 2.66% in 2021 to 2.19% in 2022. Payroll growth rate reflects NYSERS and NYSTRS valuations for 2022 and 2021. Inflation rate of 2.5% in 2022 and 2021. Health care trend rate of 7.5%-4.5% in 2022 and 8.0%-4.5% in 2021. Mortality rates based on Scale MP-2020 in 2022 and in 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.19%) or 1 percentage point higher (3.19%) that the current discount rate:

	1% Decrease (1.19%)	Current Assumption (2.19%)	1% Increase (3.19%)
Total OPEB liability	\$ 2,873,653	\$ 2,688,823	\$ 2,509,631

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

**V. Liabilities (continued)**

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

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

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

1% Decrease (initial rate of 6.5% decreasing by .5% annually until reaching 3.5%)	Current Assumption (initial rate of 7.5% decreasing by .5% annually until reaching 4.5%)	1% Increase (initial rate of 8.5% decreasing by .5% annually until reaching 5.5%)

Total OPEB liability	\$ 2,365,314	\$ 2,688,823	\$ 3,068,720
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OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense in the amount of \$239,625. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,953	\$ 320,438
Changes in assumptions	444,138	125,300
Benefits paid subsequent to measurement period	106,122	-
<b>Total</b>	<b>\$ 574,213</b>	<b>\$ 445,738</b>

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

**V. Liabilities (continued)**

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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:	
2023	\$ (2,222)
2024	(2,222)
2025	(2,222)
2026	(2,222)
2027	(2,220)
Thereafter	33,461

**C. Indebtedness**

**1. Short-Term Debt**

**a. Bond Anticipation Notes**

The District may issue Bond Anticipation Notes, in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. Below is a schedule of bond anticipation notes outstanding as of June 30, 2022:

Description of Issue	Outstanding June 30, 2022
Bond anticipation note, renewed on August 20, 2021 with a maturity date of August 19, 2022, notes carry interest at 2.00%.	\$ 36,200
Bond anticipation note, renewed on August 23, 2021 with a maturity date of August 22, 2022, notes carry interest at 1.95%.	173,000
Bond anticipation note, issued on September 24, 2021 with a maturity date of September 23, 2022, notes carry interest at 1.95%.	121,160
Bond anticipation note, issued on October 22, 2021 with a maturity date of October 21, 2022, notes carry interest at 1.95%.	119,700
Bond anticipation note, issued on October 22, 2021 with a maturity date of October 21, 2022, notes carry interest at 1.95%.	150,400
	<u>\$ 600,460</u>

**FILLMORE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

**V. Liabilities (continued)**

**C. Indebtedness**

**1. Short-Term Debt**

**b. Short-Term Debt Interest**

The District had \$93,989 of interest on short-term debt for the year ended June 30, 2022.

**2. Long-Term Debt**

**a. Debt Limit**

At June 30, 2022, the total indebtedness represents approximately 74% of its debt limit.

**b. Serial Bonds**

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

**c. Changes**

The changes in indebtedness during the year ended June 30, 2022 are as follows:

	<b>Balance June 30, 2022</b>	<b>Balance June 30, 2021</b>	<b>Amounts Due Within One Year</b>
Serial bonds	\$ 14,290,778	\$ 8,452,411	\$ 2,165,000
Compensated absences	133,738	156,585	-
Lease liability	14,725	-	4,845
Net pension liability	-	745,349	-
Other post-employment benefits	2,688,823	2,585,317	-
	<u>\$17,128,064</u>	<u>\$11,939,662</u>	<u>\$2,169,845</u>

During the year, the District issued new bonds in the amount of \$6,945,000 with premiums of \$588,294, made principal payments on its serial bonds in the amount of \$1,580,000 and had amortization on bond premiums in the amount of \$114,927. The net change in compensated absences was a net decrease of \$22,847 during the fiscal year ended June 30, 2022. The net change in other post-employment benefits was an increase of \$103,506 during the fiscal year ended June 30, 2022. The net pension liability related to ERS and TRS were liabilities in the prior year, and changed to net pension assets in the current year. During the current year the District recorded a lease liability in accordance with GASB 87 as described in Note 6.

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

**V. Liabilities (continued)**

**C. Indebtedness (continued)**

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

**d. Summary**

The following is a summary of maturity of the District's serial bonds:

<b>Description of Issue</b>	<b>Outstanding June 30, 2022</b>
Serial Bonds, issued in 2016 with a maturity date of June, 2023, bonds carry interest at .5%-1.72%.	\$ 1,225,000
Serial Bonds, DASNY, issued in 2017 with a maturity date of June, 2032, bonds carry interest at 2.7855%. Plus: Unamortized bond premium	4,820,000 751,704
Serial Bonds, DASNY, issued in 2022 with a maturity date of June, 2037, bonds carry interest at 5.0%. Plus: Unamortized bond premium	6,945,000 549,074
	<u>\$ 14,290,778</u>

**e. Maturity**

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

<b>Year</b>	<b>Serial Bonds 2016</b>	
	<b>Principal</b>	<b>Interest</b>
2023	\$ 1,225,000	\$ 44,000
Total	<u>\$ 1,225,000</u>	<u>\$ 44,000</u>
<b>Year</b>	<b>DASNY Bond - 2017</b>	
	<b>Principal</b>	<b>Interest</b>
2023	\$ 425,000	\$ 236,750
2024	440,000	219,750
2025	460,000	197,750
2026	490,000	174,750
2027	515,000	150,250
2028-2032	2,490,000	342,250
Total	<u>\$ 4,820,000</u>	<u>\$ 1,321,500</u>

**FILLMORE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

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

**e. Maturity (continued)**

Year	DASNY Bond - 2022	
	Principal	Interest
2023	\$ 515,000	\$ 449,496
2024	545,000	321,500
2025	580,000	294,250
2026	375,000	265,250
2027	390,000	246,500
2028-2032	2,240,000	920,000
2033-2037	2,300,000	337,500
Total	<u>\$ 6,945,000</u>	<u>\$ 2,834,496</u>

**f. Long-Term Debt Interest**

Interest expense on long-term debt amounted to \$347,149 for the year ended June 30, 2022.

**g. Refunding of Long-Term Debt**

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

**h. Debt Issuance Costs, Premium and Amortization**

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

**D. Lease Liability**

During the current year, the District entered into a lease with BOCES related to equipment purchases. The lease terms is over sixty months and expires in June 2025. The interest rate on the lease is 1.30%. Below are the remaining maturities on the lease:

Year	Principal	Interest
2023	\$ 4,845	\$ 162
2024	4,908	99
2025	4,972	35
Total	<u>\$ 14,725</u>	<u>\$ 296</u>

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

**VI. Fund Equity**

**A. Components**

The District's fund equity is comprised of various components. The District's fund equity includes reserves established for the following purposes:

Category/ Fund	Reservation Purposes	Balance June 30, 2022
<b>Nonspendable:</b>		
Food Service	Reserve for inventory	<u>\$ 8,596</u>
<b>Restricted:</b>		
General	Employee benefits reserve	\$ 146,155
	Workers' compensation reserve	100,000
	Capital reserve	4,186,776
	Reserve for unemployment	100,554
	Reserve for insurance	368,271
	Reserve for repairs	250,000
	Reserve for retirement	1,065,872
		<u>\$ 6,217,628</u>
Debt Service Fund	Debt Service Reserve	<u>\$ 1,374,123</u>
Fiduciary Fund	Reserve for endowment scholarships	<u>\$ 35,818</u>
<b>Committed:</b>		
Misc. Special Revenue	Student Activities	<u>\$ 53,592</u>
<b>Assigned:</b>		
General	Appropriated fund equity	\$ 548,839
	Reserve for encumbrances	-
		<u>\$ 548,839</u>
Food Service	Fund equity	<u>\$ 375,419</u>

**B. District-wide Net Position**

Net position of the District include restricted net position of \$7,591,751 which represent restricted amounts in the general fund and debt service fund as presented above.

**C. Accumulated Deficits**

The District's capital project fund had an accumulated deficit in the amount of \$172,831 as of June 30, 2022. It is not uncommon for school districts to have deficit fund balances in the capital project funds as a result of short-term debt being recorded as liabilities until they are converted to long-term debt (serial bonds) or redeemed at which time such proceeds are recorded as other financing sources revenue.



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

**VII. Commitments and Contingencies**

**A. Risk Financing and Related Insurance**

**1. General Information**

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

**2. Risk Sharing Pools**

For its employee health and accident coverage, *Fillmore Central School District* is a participant in the Cattaraugus-Allegany Regional Medical Plan, a public entity risk pool operated for the benefit of 22 individual governmental units located within Allegany and Cattaraugus Counties. The School District pays monthly premiums to the Plan for this health coverage. The Plan is authorized to assess supplemental premiums to the participating districts. The Plan provides coverage for its members up to \$100,000 per insured event. The Cattaraugus-Allegany Regional Medical Plan obtains independent coverage for insured events in excess of this amount.

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

**B. Federal and State Grants**

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

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

**VII. Commitments and Contingencies**

**C. Litigation**

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

**D. Compensated Absences**

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, the value for accumulating, non-vesting sick leave is considered a contingent liability. The District reports approximately \$327,000 as of June 30, 2022 for accumulating non-vesting sick leave.

**NOTE 4 – CAPITAL PROJECTS**

During the year ended June 30, 2022, the District incurred costs for the purchase of new buses in the amount of \$229,942. In addition, the District had expenditures in the current year in the amount of \$4,560,124 (including \$158,287 of bond issuance costs) related to the 2020 Improvement Project and \$93,600 related to a capital outlay project.

**NOTE 5 – COVID 19 PANDEMIC**

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

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed which provides funding and emergency assistance to Organizations including public school Districts. The New York State Department of Education has allocated approximately \$339,000 of CARES Act – ESSER and GEER assistance to the District which is for the funding period of March 13, 2020 through September 30, 2022. During the years ended June 30, 2022 and 2021, the District expended \$0 and \$339,473, respectively, towards the CARES Act funding.

**FILLMORE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 5 – COVID 19 PANDEMIC (continued)**

In December 2020, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act was passed which provides additional assistance to school districts. The New York State Department of Education has allocated approximately \$930,000 of CRRSA Act assistance to the District. During the years ended June 30, 2022 and 2021, the District expended \$173,985 and \$0, respectively, towards the CRRSA funding.

In March 2021, the American Rescue Plan (ARP) was passed which provides additional assistance to school districts. The New York State Department of Education has allocated approximately \$3,131,000 of ARP assistance to the District. During the years ended June 30, 2022 and 2021, the District expended \$187,316 and \$0, respectively, towards the ARP funding.

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

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

**NOTE 6 – RIGHT-TO-USE ASSETS/LEASES**

The District has entered into various agreements with Erie 1 BOCES to acquire IT and computer equipment. The equipment is owned by Erie 1 BOCES, however the District has recognized a right-to-use asset in accordance with Governmental Accounting Standards Board Statement No. 87, Leases. The District paid cash for the equipment rather than through an installment purchase agreement. The District amortizes its right-to-use assets over a period of 5 years. Below is a summary of the activity of the District's right-to-use assets during the year ended June 30, 2022:

	Balance 7/1/21 As restated	Additions
Right-to-use asset	\$ 533,419	\$ 42,862
Accumulated amortization	(98,089)	(106,948)
Right-to-use lease liability	(19,507)	-
	<u>\$ 415,823</u>	<u>\$ (64,086)</u>
		Balance 6/30/22
Right-to-use asset	\$ -	\$ 576,281
Accumulated amortization	-	(205,037)
Right-to-use lease liability	4,782	(14,725)
	<u>\$ 4,782</u>	<u>\$ 356,519</u>

**NOTE 7 – PRIOR PERIOD ADJUSTMENTS**

The District implemented GASB 87, Leases, during the year ended June 30, 2022, which resulted in a prior period adjustment related to agreements made for various IT and computer equipment that were already in place as of July 1, 2021, and which GASB 87 requires retroactive application of these agreements. The District's net position increased \$415,823 as a result of the prior period adjustment which represents the remaining book value of its right-to use assets and net present value of payments on related lease agreements.

During the year ended June 30, 2022, implementation of GASB No. 84 required prior period adjustments for the governmental and fiduciary funds. This adjustment was needed to move the beginning balances of amounts previously reported as fiduciary funds to the respective governmental funds. Extraclassroom activity funds of \$43,291 were reclassified from fiduciary funds to the miscellaneous special revenue fund as of July 1, 2021.

**NOTE 8 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through March 15, 2023, which is the date the financial statements were available to be issued.

***SUPPLEMENTARY INFORMATION***

**FILLMORE CENTRAL SCHOOL DISTRICT**

**Schedule SS1**

**COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES  
IN FUND EQUITY - BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	Adopted Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
<b>Revenues</b>				
<b>Local Sources:</b>				
Real property taxes and tax items	\$ 2,579,922	\$ 2,579,922	\$ 2,579,922	\$ -
Real property tax items	74,800	74,800	113,710	38,910
Charges for services	-	-	1,700	1,700
Use of money and property	21,800	21,800	4,103	(17,697)
Sale of property and compensation for loss	850	850	28,144	27,294
Miscellaneous	212,200	212,200	244,364	32,164
<b>State Sources:</b>				
Basic formula	12,086,687	12,086,687	12,192,118	105,431
BOCES	1,306,729	1,306,729	1,192,147	(114,582)
Textbooks	49,889	49,889	22,862	(27,027)
All other aid	13,818	13,818	28,048	14,230
<b>Federal Sources:</b>				
Medicaid reimbursement	37,500	37,500	64,405	26,905
<b>Total revenue and other sources</b>	<b>16,384,195</b>	<b>16,384,195</b>	<b>16,471,523</b>	<b>87,328</b>
<b>Other Sources</b>				
Operating transfer in	-	-	-	-
<b>Total revenue and other sources</b>	<b>16,384,195</b>	<b>16,384,195</b>	<b>\$ 16,471,523</b>	<b>\$ 87,328</b>
Use of fund equity reserves	82,000	82,000		
Appropriated fund equity and carryover encumbrances	658,664	661,842		
<b>Total revenue, other sources and appropriated fund equity</b>	<b>\$ 17,124,859</b>	<b>\$ 17,128,037</b>		

	Adopted Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
<b>Expenditures</b>					
<b>General Support:</b>					
Board of education	\$ 14,600	\$ 10,933	\$ 10,005	\$ -	\$ 928
Central administration	190,773	194,773	193,161	-	1,612
Finance	507,836	505,287	493,457	-	11,830
Staff	60,976	63,192	69,381	-	(6,189)
Central services	771,673	788,673	707,144	-	81,529
Special items	282,491	307,606	306,873	-	733
<b>Instructional:</b>					
Instruction, administration and improvement	423,861	444,711	398,971	-	45,740
Teaching - regular school	3,945,622	3,956,996	3,815,702	-	141,294
Programs for children with handicapping conditions	2,331,762	2,338,768	1,844,230	-	494,538
Teaching - special schools	11,900	14,400	14,400	-	-
Occupational education	350,083	350,083	350,083	-	-
Instructional media	663,976	670,874	627,870	-	43,004
Pupil services	747,943	781,457	671,244	-	110,213
<b>Pupil Transportation</b>	867,890	866,176	807,998	-	58,178
<b>Employee Benefits</b>	3,209,447	3,090,082	2,419,939	-	670,143
<b>Debt Service:</b>					
Debt service principal	2,061,340	2,061,340	2,176,082	-	(114,742)
Debt service interest	557,686	557,686	441,363	-	116,323
<b>Total expenditures</b>	<b>16,999,859</b>	<b>17,003,037</b>	<b>15,347,903</b>	<b>-</b>	<b>1,655,134</b>
<b>Other Uses:</b>					
Transfer to other funds	125,000	125,000	374,842	-	(249,842)
<b>Total other uses</b>	<b>125,000</b>	<b>125,000</b>	<b>374,842</b>	<b>-</b>	<b>(249,842)</b>
<b>Total expenditures and other uses</b>	<b>\$ 17,124,859</b>	<b>\$ 17,128,037</b>	<b>15,722,745</b>	<b>\$ -</b>	<b>\$ 1,405,292</b>
<b>Excess of revenue and other sources over expenditures and other uses</b>			<b>\$ 748,778</b>		

**FILLMORE CENTRAL SCHOOL DISTRICT**  
**COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES**  
**IN FUND EQUITY - BUDGET AND ACTUAL – FOOD SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Schedule SS1A

**Page 38**

	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
<b>Revenue</b>			
State sources	\$ 11,000	\$ 10,108	\$ (892)
Federal sources	315,000	490,224	175,224
Sales	20,200	28,185	7,985
Surplus food	15,300	19,927	4,627
Total revenue	<u>361,500</u>	<u>548,444</u>	<u>186,944</u>
<b>Expenditures</b>			
General support	115,000	134,772	(19,772)
Employee benefits	34,000	40,193	(6,193)
Cost of sales	209,000	202,090	6,910
Other expenses	3,500	3,803	(303)
Total expenditures	<u>361,500</u>	<u>380,858</u>	<u>(19,358)</u>
<b>Excess of revenue over expenditures</b>	<u>\$ -</u>	<u>167,586</u>	<u>\$ 167,586</u>
Fund equity, beginning of year		<u>216,429</u>	
<b>Fund equity, end of year</b>		<u>\$ 384,015</u>	

**FILLMORE CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**  
**AND THE REAL PROPERTY TAX LIMIT**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Schedule SS2

**Page 39**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

<b>Adopted budget</b>	\$ 17,124,859
<b>Additions:</b>	
Prior year encumbrances	<u>3,178</u>
<b>Original Budget</b>	17,128,037
<b>Budget Revisions:</b>	
Supplemental appropriations	<u>-</u>
<b>Final budget</b>	<u>\$ 17,128,037</u>

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

<b>2022-23 voter-approved expenditure budget</b>	<b>\$ 18,257,236</b>
<b>Maximum allowed (4% of 2022-23 budget)</b>	<b>\$ 730,289</b>
<b>General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:</b>	
<b>Unrestricted fund balance:</b>	
Committed fund balance	\$ -
Assigned fund balance	548,839
Unassigned fund balance	<u>1,388,355</u>
Total unrestricted fund balance	<u>1,937,194</u>
<b>Less:</b>	
Appropriated fund balance	548,839
Insurance recovery reserve	-
Tax reduction reserve	-
Encumbrances included in committed and assigned fund balance	<u>-</u>
Total adjustments	<u>548,839</u>
<b>General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law</b>	<b><u>\$ 1,388,355</u></b>
<b>Actual percentage</b>	<b><u>7.6%</u></b>

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

**FILLMORE CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**Schedule SS3**

**Page 40**

Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended (Overexpended) Balance	Methods of Financing			Fund Balance June 30, 2022	
			Prior Years	Current Year	Total		Proceeds of Obligations **	Local Sources	Total		
2014 Improvement Project	\$ 9,190,000	\$ 9,190,000	\$ 8,887,721	\$ -	\$ 8,887,721	\$ 302,279	\$ 8,108,992	\$ 933,569	\$ 9,042,561	\$ 154,840	
SMART Bond Act	535,769	535,769	535,769	-	535,769	-	-	535,193	535,193	(576)	
DASNY Fees - 2014 project	*	*	151,468	-	151,468	(151,468)	-	151,468	151,468	-	
Vehicle Purchase (14-15)	265,000	265,000	249,920	-	249,920	15,080	249,900	-	249,900	(20)	
Vehicle Purchase (15-16)	265,000	265,000	258,110	-	258,110	6,890	258,110	-	258,110	-	
Vehicle Purchase (16-17)	337,000	337,000	310,083	-	310,083	26,917	310,100	-	310,100	17	
Vehicle Purchase (17-18)	190,000	190,000	181,369	-	181,369	8,631	181,000	-	181,000	(369)	
Vehicle Purchase (18-19)	317,700	317,700	304,407	-	304,407	13,293	302,900	-	302,900	(1,507)	
Vehicle Purchase (19-20)	290,815	290,815	279,671	-	279,671	11,144	199,600	80,000	279,600	(71)	
Vehicle Purchase (20-21)	326,911	326,911	308,227	-	308,227	18,684	188,000	120,000	308,000	(227)	
Vehicle Purchase (21-22)	213,442	213,442	-	229,942	229,942	(16,500)	173,000	56,942	229,942	-	
2020 Improvement Project **	8,998,294	8,998,294	3,797,700	4,560,124	8,357,824	640,470	7,300,000	1,698,294	8,998,294	640,470	
Capital Outlay Project 21-22	100,000	100,000	-	93,600	93,600	6,400	-	93,600	93,600	-	
Smart Schools Bond Act	389,525	389,525	364,928	-	364,928	24,597	-	-	-	(364,928)	
	<u>\$ 21,419,456</u>	<u>\$ 21,419,456</u>	<u>\$ 15,629,373</u>	<u>\$ 4,883,666</u>	<u>\$ 20,513,039</u>	<u>\$ 906,417</u>	<u>\$ 17,271,602</u>	<u>\$ 3,669,066</u>	<u>\$ 20,940,668</u>	<u>427,629</u>	
										Less: bond anticipation notes outstanding	<u>600,460</u>
										Ending fund equity (deficit) as of June 30, 2022	<u>\$ (172,831)</u>

\* - Costs related to Dormitory Authority of the State of New York (DASNY) bond net issuance which were not included in the 2014 improvement project. These costs were funded through a bond premium that was received upon issuance of bonds.

\*\* - Includes premium received on DASNY bond issuance in the amount of \$588,294 of which \$160,000 was utilized to pay down bond anticipation notes maturing on June 23, 2022 and \$158,287 was utilized to pay for bond issuance costs including in current year expenditures for the 2020 Improvement Project.



**FILLMORE CENTRAL SCHOOL DISTRICT**  
**BUDGET COMPARISON STATEMENT FOR STATE AND**  
**OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Schedule SS4A

**Page 41**

Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Summer school	N/A	2021-2022	\$ 57,200	\$ 57,200	\$ 57,200
Universal Pre-kindergarten	0409-22-7190	2021-2022	225,092	225,234	225,234
Literacy West grant	N/A	2021-2022	44,750	44,750	44,750
School breakfast programs	N/A	2021-2022	N/A	5,712	5,712
School lunch programs	N/A	2021-2022	N/A	4,396	4,396
				<u>\$ 337,292</u>	<u>\$ 337,292</u>

**FILLMORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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Schedule SS4B

**Note 1 - Basis of Presentation**

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

**Basis of Accounting**

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

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

The accompanying **Fillmore Central School District** is the recipient of a non-monetary federal award program. During the year ended June 30, 2022, the District reported in the Schedule of Federal Awards \$19,927 of donated commodities at fair market value received and disbursed.

**Note 3 - Indirect Cost Rate**

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

**FILLMORE CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
<b>Appalachian Regional Commission</b>					
Direct Award					
COVID-19 Appalachian Regional Commission Grant - Drone Licensing Program	23.002	N/A	\$ 136,509	\$ 6,831	\$ 6,831
<b>US Department of Education:</b>					
<b>Passed through NYS Department of Education:</b>					
Title I	84.010A	0021-22-0115	393,155	392,451	392,451
Title II, Part A	84.367A	0147-22-0115	46,274	46,274	46,274
Title IV - DFSCA	84.186A	0204-22-0115	20,919	20,919	20,919
Title V	84.298A	0006-22-0225	14,822	14,822	14,822
IDEA, Part B Public Law 94-142 *	84.027A	0032-22-0042	193,804	191,935	191,935
IDEA, Pre-school Public Law 99-457 *	84.173A	0033-22-0042	5,884	5,884	5,884
COVID-19, CRRSA - ESSER 2	84.425D	5891-21-0115	930,134	173,985	173,985
COVID-19, ARP - ESSER 3	84.425U	5880-21-0115	2,090,460	147,462	147,462
COVID-19, ARP - SLR Summer Enrichment	84.425U	5882-21-0115	148,643	20,985	20,985
COVID-19, ARP - SLR Comprehensive After School	84.425U	5883-21-0115	148,643	16,547	16,547
COVID-19, ARP - SLR Learning Loss	84.425U	5884-21-0115	743,191	2,322	2,322
Total U.S. Department of Education				1,033,586	1,033,586
<b>US Department of Agriculture:</b>					
<b>Passed through NYS Department of Education:</b>					
COVID-19 National School Lunch Program - Seamless Summer Option **	10.555	N/A	N/A	327,562	327,562
COVID-19 National School Breakfast Program - Seamless Summer Option **	10.553	N/A	N/A	143,724	143,724
COVID-19 Supply Chain Assistance **	10.555	N/A	N/A	18,337	18,337
COVID-19 P-EBT Administration	10.542	N/A	N/A	601	601
<b>Passed through NYS Office of General Services:</b>					
National School Lunch Program - Noncash assistance - Donated Commodities **	10.555	N/A	N/A	19,927	19,927
Total U.S. Department of Agriculture				510,151	510,151
Total expenditures and revenue				\$ 1,550,568	\$ 1,550,568

\* Constitutes a cluster of Federal programs named Special Education Cluster with revenue and expenditures of \$ 197,819  
 \*\* Constitutes a cluster of Federal programs named Child Nutrition Cluster with revenue and expenditures of \$ 509,550

**FILLMORE CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS**  
**AS OF JUNE 30, 2022**

Schedule SS5

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Capital and right-to-use assets	\$ 29,522,117
Less:	
Serial bonds	(14,290,778)
Lease liability	(14,725)
Bond anticipation notes	(600,460)
Plus:	
Equity in capital project fund less bond anticipation notes	<u>427,629</u>
Net investment in capital and right-to-use assets	<u>\$ 15,043,783</u>

**FILLMORE CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN THE DISTRICT'S**  
**NET OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE YEARS ENDED JUNE 30, 2017 THROUGH JUNE 30, 2022**

Schedule SS6

Page 44

As of the measurement date of July 1,	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>						
Service cost	\$ 170,166	\$ 134,812	\$ 130,364	\$ 147,397	\$ 166,710	\$ 138,919
Interest	71,681	78,808	85,476	82,336	72,170	80,577
Changes in assumptions	85,017	296,755	57,063	(104,423)	(107,894)	171,452
Differences between expected and actual experience	(101,131)	29,275	(126,048)	(97,112)	(137,555)	-
Benefit payments	(122,227)	(128,396)	(101,237)	(129,196)	(136,711)	(125,423)
Net change in total OPEB liability	103,506	411,254	45,618	(100,998)	(143,280)	265,525
Total OPEB liability - beginning	2,585,317	2,174,063	2,128,445	2,229,443	2,372,723	396,488
Prior period adjustment	-	-	-	-	-	1,710,710
Total OPEB liability - ending	<u>\$2,688,823</u>	<u>\$2,585,317</u>	<u>\$2,174,063</u>	<u>\$2,128,445</u>	<u>\$2,229,443</u>	<u>\$2,372,723</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 122,227	\$ 128,396	\$ 101,237	\$ 129,196	\$ 136,711	\$ 125,423
Net investment income	-	-	-	-	-	-
Benefit payments	(122,227)	(128,396)	(101,237)	(129,196)	(136,711)	(125,423)
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability	<u>\$2,688,823</u>	<u>\$2,585,317</u>	<u>\$2,174,063</u>	<u>\$2,128,445</u>	<u>\$2,229,443</u>	<u>\$2,372,723</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered-employee payroll	<u>\$6,065,400</u>	<u>\$5,917,463</u>	<u>\$5,667,265</u>	<u>\$5,529,039</u>	<u>\$5,300,668</u>	<u>\$5,232,644</u>
District's net OPEB liability as a percentage of covered-employee payroll	<u>44.33%</u>	<u>43.69%</u>	<u>38.36%</u>	<u>38.50%</u>	<u>42.06%</u>	<u>45.34%</u>

Notes to Schedule:

Benefit Changes: None

Changes in assumptions: Discount rate from 2.66% as of 7/1/20 to 2.19% as of 7/1/21

Health care trend rates from 8.0% through 4.5% as of 7/1/20 to 7.5% through 4.5% as of 7/1/21

Mortality rates based on Scale MP-2019 in 2020 and Scale MP-2020 in 2021

**FILLMORE CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT'S CONTRIBUTIONS – OPEB**  
**FOR THE YEARS ENDED JUNE 30, 2017 THROUGH JUNE 30, 2022**

Schedule SS7

**Page 45**

For the year ended June 30,	2022	2021	2020	2019	2018	2017
Actuarially determined contributions	\$ 122,227	\$ 128,396	\$ 101,237	\$ 129,196	\$ 136,711	\$ 125,423
Contributions in relation to the actuarially determined contribution	(122,227)	(128,396)	(101,237)	(129,196)	(136,711)	(125,423)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6,065,400	\$ 5,917,463	\$ 5,667,265	\$ 5,529,039	\$ 5,300,668	\$ 5,232,644
Contributions as a percentage of District's covered-employee payroll	2.02%	2.17%	1.79%	2.34%	2.58%	2.40%

**Notes to Schedule:**

Valuation date: July 1, 2020 with no adjustments to the July 1, 2021 measurement date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	2.66% as of July 1, 2020 and 2.19% as of July 1, 2021
Inflation	2.5% per year
Healthcare cost trend rates	2021 - 7.5%. Rates expected to decrease 0.5% each year thereafter with an ultimate rate of 4.5% after 2028.
Salary increases	Based on NYSERS and NYSTRS valuation as of June 30, 2020.
Mortality	RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2020
Retiree Cost Sharing	Retirees are responsible for the portion of premium rates not covered by the District's explicit subsidy.
Participants	132 Active and 13 Retirees

**FILLMORE CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS - NYSTRS AND NYSLERS**  
**FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2022**

**Schedule SS8**

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**New York State Teachers' Retirement System**

For the year ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 478,110	\$ 434,677	\$ 403,408	\$ 445,795	\$ 419,396	\$ 481,579	\$ 527,089	\$ 717,577	\$ 659,737	\$ 479,959
Contributions in relation to the contractually required contribution	(478,110)	(434,677)	(403,408)	(445,795)	(419,396)	(481,579)	(527,089)	(717,577)	(659,737)	(479,959)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,878,669	\$ 4,561,140	\$ 4,553,145	\$ 4,197,696	\$ 4,279,551	\$ 4,109,036	\$ 3,975,030	\$ 4,093,423	\$ 4,059,920	\$ 4,053,708
Contributions as a percentage of District's covered-employee payroll	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%

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

For the year ended March 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 223,249	\$ 201,810	\$ 197,771	\$ 194,492	\$ 196,431	\$ 173,231	\$ 215,966	\$ 236,887	\$ 269,592	\$ 210,785
Contributions in relation to the contractually required contribution	(223,249)	(201,810)	(197,771)	(194,492)	(196,431)	(173,231)	(215,966)	(236,887)	(276,770)	(245,734)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,450,225	\$ 1,450,225	\$ 1,447,817	\$ 1,323,279	\$ 1,336,592	\$ 1,243,170	\$ 1,230,905	\$ 1,245,492	\$ 1,198,318	\$ 1,175,292
Contributions as a percentage of District's covered-employee payroll	15.39%	13.92%	13.66%	14.70%	14.70%	13.93%	17.55%	19.02%	22.50%	17.93%

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

**FILLMORE CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICTS PROPORTIONATE SHARE OF THE**  
**NET PENSION ASSET – NYSTRS AND PROPORTIONATE SHARE OF**  
**NET PENSION LIABILITY - NYSLERS**  
**FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2022**

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

As of the measurement date of June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension asset/liability	n/a	0.026873%	0.026803%	0.026173%	0.026273%	0.025930%	0.025760%	0.027251%	0.027485%	0.027674%
District's proportionate share of the net pension asset/(liability)	n/a	\$4,656,762	(\$740,636)	\$679,033	\$475,082	\$197,093	(\$275,900)	\$2,830,479	\$3,061,624	\$182,168
District's covered-employee payroll	n/a	\$4,878,669	\$4,561,140	\$4,553,145	\$4,197,696	\$4,279,551	\$4,109,036	\$3,975,030	\$4,093,423	\$4,059,920
District's proportionate share of the net pension asset(liability) as a percentage of its covered employee payroll	n/a	95.45%	-16.24%	14.91%	11.32%	4.61%	6.71%	71.21%	74.79%	4.49%
Plan fiduciary net position as a percentage of the total pension asset (liability)	n/a	113.20%	102.17%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

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

As of the measurement date of March 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension asset (liability)	0.0051212%	0.0045210%	0.0045210%	0.0042700%	0.0041685%	0.0037609%	0.0039593%	0.0045570%	n/a	n/a
District's proportionate share of the net pension asset (liability)	\$418,638	(\$4,713)	(\$1,197,061)	(\$302,241)	(\$134,537)	(\$353,385)	(\$635,479)	(\$137,011)	(\$183,270)	n/a
District's covered-employee payroll	\$1,450,225	\$1,450,225	\$1,447,817	\$1,323,279	\$1,336,592	\$1,243,170	\$1,230,905	\$1,245,492	\$1,198,318	n/a
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	28.87%	-0.32%	-82.68%	-22.84%	-10.07%	-28.43%	-51.63%	-11.00%	-15.29%	n/a
Plan fiduciary net position as a percentage of the total pension asset (liability)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	n/a	n/a





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

Certified Public Accountants ▲ Business Advisors

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

**To the President and  
Members of the Board of Education  
*Fillmore Central School District*  
Fillmore, New York**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of *Fillmore Central School District* as of and for the year ended June 30, 2022, and the related notes to the financial statements which collectively comprise *Fillmore Central School District's* basic financial statements and have issued our report thereon dated March 15, 2023.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered *Fillmore Central School District's* internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of *Fillmore Central School District's* internal control. Accordingly, we do not express an opinion on the effectiveness of *Fillmore 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 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 combination of deficiencies, in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given those 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. We did identify certain deficiencies in internal control that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item II.A. 2022-001.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether *Fillmore Central School District's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 two instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items II.B.2022-002 and II.B.2022-003.

***Fillmore Central School District's* Responses to Findings**

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

***Purpose of this Report***

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

*Buffamante Whipple Buttafaro PC*

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

**Olean, New York  
March 15, 2023**



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

Certified Public Accountants ▲ Business Advisors

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

**To the President and  
Members of the Board of Education  
*Fillmore Central School District*  
Fillmore, New York**

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

**Opinion on Each Major Program**

We have audited *Fillmore Central School District's* compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. *Fillmore Central School District's* major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, *Fillmore Central School District* complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2022.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of *Fillmore Central School District* and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of *Fillmore Central School District's* compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to *Fillmore Central School District's* federal programs.

**Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on *Fillmore Central School District's* compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about *Fillmore Central School District* with the requirements of each major federal program as a whole.

## Auditor's Responsibilities for the Audit of Compliance (continued)

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding **Fillmore Central School District's** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of **Fillmore Central School District's** internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of **Fillmore Central School District's** internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that may be material weakness or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

### Purpose of this Report

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

*Buffamante Whipple Buttafaro PC*

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

**Olean, New York  
March 15, 2023**

**FILLMORE CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

Section I - Summary of Auditor's Results

**Financial Statements**

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?                      yes           X           no  
Significant deficiency(ies) identified?           X           yes                      none reported

Noncompliance material to financial statements noted?           X           yes                      no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?                      yes           X           no  
Significant deficiency(ies) identified?                      yes           X           none reported

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

Unmodified

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

                     yes           X           no

Federal Program Title	Federal CFDA Number	Amount
Total expenditures of Federal Awards		<u>\$ 1,550,568</u>

**Identification of Major Programs Tested:**

COVID-19, CRRSA - ESSER 2	84.425D	\$ 173,985
COVID-19, ARP - ESSER 3	84.425U	147,462
COVID-19, ARP - SLR Summer Enrichment	84.425U	20,985
COVID-19, ARP - SLR Comprehensive After School	84.425U	16,547
COVID-19, ARP - SLR Learning Loss	84.425U	2,322
COVID-19 National School Lunch Program - Seamless Summer Option **	10.555	327,562
COVID-19 National School Breakfast Program - Seamless Summer Option **	10.553	143,724
COVID-19 Supply Chain Assistance **	10.555	18,337
National School Lunch Program - Noncash assistance - Donated Commodities **	10.555	<u>19,927</u>

Total major programs tested \$ 870,851

% of Federal programs tested 56%

\*\* Constitutes a cluster of Federal programs

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

Auditee qualified as low risk?                      yes           X           no

**II. FINANCIAL STATEMENTS AUDIT - FINDINGS**

**A. INTERNAL CONTROL OVER FINANCIAL REPORTING**

**2022-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements  
Year ended June 30, 2022**

**Condition and Criteria:** During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to converting to the full accrual method for GASB 34 purposes. In addition, the financial statements were drafted by the auditor and accepted by the District.

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

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

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

**B. COMPLIANCE AND OTHER MATTERS**

**2022-002 Unassigned Fund Balance  
Year ended June 30, 2022**

**Conditions and criteria:** *Fillmore Central School District's* unassigned fund balance as of June 30, 2022 amounted to \$1,388,355. This amount constitutes approximately 7.6% of the 2022-23 school budget.

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

**Auditor's Recommendation:** *Fillmore Central School District* should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation and designation of fund balance. We recommend that the District document its rationale to support the purpose and dollar level of reserves and to ensure it is in compliance with New York State guidelines

**School District's Response:** *Fillmore Central School District* realizes that its unassigned fund balance as of June 30, 2022 was in excess of the NYS mandated 4% level. The District has and will continue to review its options with regards to reservation and designation of fund balance.

**FILLMORE CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**II. FINANCIAL STATEMENTS AUDIT – FINDINGS**

**A. COMPLIANCE AND OTHER MATTERS**

2022-003

**Timely Reporting**

**Year ended June 30, 2022**

**Conditions and criteria:** *Fillmore Central School District's* failed to submit its audited financial statements and transparency reporting within the timeline prescribed by New York State Education Department.

**Cause and Effect:** The District did not close its books in a timely manner creating delays in scheduling and completing the independent audit. In addition, because financial records were not closed in a timely manner, the District's transparency report was delayed which resulted in NYSED delaying state aid in the amount of approximately \$1,500,000 by approximately 6 months.

**Auditor's Recommendation:** *Fillmore Central School District* should develop a plan to close its records at year-end in a manner that will allow it to complete its audit and transparency reporting in a timely manner.

**School District's Response:** *Fillmore Central School District* realizes that its delays in reporting and will ensure that future reporting is filed in a timely manner.

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

**A. COMPLIANCE**

**Year ended June 30, 2022**

No findings related to compliance are being reported upon during the year ended June 30, 2022.

**B. INTERNAL CONTROL OVER COMPLIANCE**

**Year ended June 30, 2022**

No findings related to compliance are being reported upon during the year ended June 30, 2022.

**I. FINANCIAL STATEMENTS AUDIT - FINDINGS**

**A. INTERNAL CONTROL OVER FINANCIAL REPORTING**

**Adjusting Journal Entries and Required Disclosures to the Financial Statements**

**2021-001 Year ended June 30, 2021**

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

**Current Status:** Similar finding related to internal control over financial reporting is being reported upon during the year ended June 30, 2022 as finding 2022-001. The prior year audit was conducted by other auditors.

**B. COMPLIANCE AND OTHER MATTERS**

**2021-002 Unassigned Fund Balance**

**Year ended June 30, 2021**

**Summary of Prior Year Finding:** *Fillmore Central School District's* unassigned fund balance as of June 30, 2021 amounted to \$1,577,853. This amount constitutes approximately 9.2% of the 2021-2022 school budget. The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

**Current Status:** Similar finding related to compliance and other matters is being reported upon during the year ended June 30, 2022 as finding 2022-002. The prior year audit was conducted by other auditors.

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

**A. COMPLIANCE**

**Year ended June 30, 2021**

There were no findings related to compliance that were reported upon by other auditors during the year ended June 30, 2021.

**B. INTERNAL CONTROL OVER COMPLIANCE**

**Year ended June 30, 2021**

There were no findings related to internal control over compliance that were reported upon by other auditors during the year ended June 30, 2021.



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

Ladies and Gentlemen:

We have completed our audit for the year ended June 30, 2022 of the District's financial statements and have issued our reports thereon dated March 15, 2023. Our audit report expressed an unmodified opinion which states that the District's financial statements are in accordance with generally accepted accounting principles for governments and school districts located in New York State. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by *Government Auditing Standards*.

In planning and performing our audit of the financial statements of the *Fillmore Central School District* for the year ended June 30, 2022, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation. Except as noted within the body of such reports, the District generally was in compliance with laws and regulations and maintains a reasonable system of accounting internal controls.

Attached to this letter is a schedule of revenue and expense comparisons (modified accrual basis) and analysis of fund equity for the school years ended June 30, 2018 through June 30, 2022. In addition, we have also presented a summary of additional comments which we desire to bring to the board and administration's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon primarily by the business staff. *Fillmore Central School District* has provided responses to the additional comments, however, we did not audit these responses and, accordingly, we express no opinion on them.

*Buffamante Whipple Buttafaro PC*

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

**Olean, New York  
March 15, 2023**

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

	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
<b>Revenue and other sources</b>					
Property taxes	\$ 2,694	\$ 2,681	\$ 2,584	\$ 2,563	\$ 2,541
State aid	13,435	12,410	12,811	12,450	12,609
All other	343	866	445	588	434
	<u>16,472</u>	<u>15,957</u>	<u>15,840</u>	<u>15,601</u>	<u>15,586</u>
<b>Expenditures and other uses</b>					
General support	1,780	1,894	1,645	1,620	1,523
Instruction	7,723	7,496	7,751	7,403	7,343
Transportation	808	632	683	939	812
Benefits	2,420	2,392	2,303	2,365	2,227
Debt	2,617	2,223	2,292	2,245	2,720
Transfers	375	224	1,088	1	28
	<u>15,723</u>	<u>14,861</u>	<u>15,762</u>	<u>14,573</u>	<u>14,653</u>
<b>Excess (deficiency) of revenue over expenditures</b>	749	1,096	79	1,027	932
<b>Fund equity</b>					
Beginning of year	7,406	6,310	6,231	5,204	4,272
End of year	<u>\$ 8,155</u>	<u>\$ 7,406</u>	<u>\$ 6,310</u>	<u>\$ 6,231</u>	<u>\$ 5,204</u>
<b>Analysis of fund equity</b>					
Restricted					
Reserve for repairs	\$ 250	\$ 250	\$ 250	\$ 250	\$ -
Reserve for tax certiorari	-	-	-	102	102
Reserve for retirement	1,066	975	886	802	716
Reserve for employee benefits	146	146	137	178	188
Reserve for workers' compensation	100	100	100	100	100
Reserve for capital	4,187	3,227	1,639	2,282	1,782
Reserve for unemployment insurance	101	101	123	123	123
Reserve for insurance	368	368	447	368	368
Assigned					
Next year's budget	549	659	540	342	307
Unassigned	1,388	1,580	2,188	1,684	1,518
	<u>\$ 8,155</u>	<u>\$ 7,406</u>	<u>\$ 6,310</u>	<u>\$ 6,231</u>	<u>\$ 5,204</u>

**FILLMORE CENTRAL SCHOOL DISTRICT  
SUMMARY OF ADDITIONAL COMMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**Capital Assets**

During the course of the audit, we discovered that significant reconciliations were needed to agree the District's record to the fixed asset appraisal. We recommend the District work to identify the differences and contact the appraisal company to reconcile the appraisal report with District audited records. In the future, an important step in the capital assets process is not only reporting additions and disposals to the appraisal company on an annual basis but also reviewing the report once an update is complete to verify that such items were properly accounted for.

***District's response: The District plans to obtain an updated physical inventory of fixed assets in the upcoming school year and will continue to review its control over capital assets.***

**Future Governmental Accounting Standards – GASB 96**

In 2020, the Governmental Accounting Standards Board issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), which will be effective for the fiscal year ending June 30, 2023. The new standard (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. We recommend that the District begin to collect pertinent data on all lease agreements for evaluation along with familiarizing themselves with the new SBITA standard, which may include continuing education, webinars and further training.

***District response: The District will participate in trainings or webinars on the topics when they become available.***

**Capital Project Fund**

We recommend that the District review each project and determine whether they are complete and can be closed out. Remaining funds from closed out projects should be either transferred to the debt service fund (projects that were debt financed) or the general fund.

We noted that the purchase of buses in the current year exceeded that approved by the voters by \$16,500. It was communicated that this difference related to trade-in of buses that did not occur during the current year. We recommend that in futures years, the District develop voter propositions based on estimated costs of bus purchases not including estimated trade-in values.

***District response: The District will review each open project and make transfers as necessary.***

**Payroll Account Bank Reconciliation**

During the audit we noted that the payroll cash account had a reconciled balance of approximately negative \$22,000. We recommend the District review why this balance turned negative and appropriately make the correction.

***District response: The District will review its payroll account bank reconciliation and make the necessary adjustments.***

***FILLMORE CENTRAL SCHOOL DISTRICT***

***EXTRACLASSROOM ACTIVITY FUND  
FINANCIAL STATEMENT***

***FOR THE FISCAL YEAR ENDED JUNE 30, 2022***

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

**FILLMORE CENTRAL SCHOOL DISTRICT  
EXTRACLASSROOM ACTIVITY FUND**

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## **INDEPENDENT AUDITOR'S REPORT**

**To the President and  
Members of the Board of Education  
Fillmore Central School District  
Fillmore, New York**

### ***Opinion***

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Fund of the **Fillmore Central School District** for the year ended June 30, 2022, and the related notes to the financial statement.

In our opinion, the financial statement referred to above present fairly, in all material respects, the cash transactions of the Extraclassroom Activity Fund of **Fillmore Central School District**, for the year ended June 30, 2022 on the basis of accounting described in Note 1.

### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the **Fillmore Central School District** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Basis of Accounting***

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Extraclassroom Activity Fund of **Fillmore Central School District's** ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 Extraclassroom Activity Fund of *Fillmore Central School District's* internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Extraclassroom Activity Fund of *Fillmore Central School District's* ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated March 15, 2023, on our consideration of the *Fillmore 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the *Fillmore 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 *Fillmore Central School District's* internal control over financial reporting and compliance.

*Buffamante Whipple Buttafaro PC*

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

**Olean, New York  
March 15, 2023**

**FILLMORE CENTRAL SCHOOL DISTRICT**  
**ANNUAL FINANCIAL STATEMENT ON EXTRACLASROOM ACTIVITY FUND**  
**JULY 1, 2021 THROUGH JUNE 30, 2022**

	Balances July 1, 2021	Total Receipts	Total Receipts & Balances	Total Payments	Adjustments	Balances June 30, 2022
<b>Extracurricular activities:</b>						
Class of 2021	\$ -	\$ 260	\$ 260	\$ -	\$ (260)	\$ -
Class of 2022	13,281	43,022	56,303	51,819	(1,860)	2,624
Class of 2023	-	28,418	28,418	15,879	-	12,539
Junior Student Council	1,495	4,215	5,710	3,446	(936)	1,328
Student Council	1,486	3,733	5,219	3,204	-	2,015
HS - Student Council	3,547	7,152	10,699	6,373	936	5,262
Varsity Club	1,823	12,169	13,992	11,960	-	2,032
Crest	2,916	4,250	7,166	2,580	2,120	6,706
FFA	8,528	8,168	16,696	14,248	585	3,033
Music Club	86	251	337	1,317	2,168	1,188
Stage Band	739	17,162	17,901	12,578	(2,757)	2,566
Middle School Drama	886	-	886	751	590	725
High School Drama	2,198	3,020	5,218	3,649	-	1,569
Book Fair	1,744	2,130	3,874	1,883	-	1,991
FCS Awards	183	1,897	2,080	708	-	1,372
SADD	3,724	-	3,724	-	-	3,724
Book it	381	-	381	126	-	255
Art Club	274	105	379	106	-	273
Trap Club	-	4,390	4,390	-	-	4,390
<b>Total extracurricular activity fund</b>	<b>\$ 43,291</b>	<b>\$ 140,342</b>	<b>\$ 183,633</b>	<b>\$ 130,627</b>	<b>\$ 586</b>	<b>\$ 53,592</b>



**FILLMORE CENTRAL SCHOOL DISTRICT  
EXTRACLASSROOM ACTIVITY FUND  
NOTE TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2022**

**Page 3**

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

The transactions of the Extraclassroom Activity Fund are part of the reporting entity of *Fillmore Central School District* and are included in the government-wide financial statements of the School District. The activity of the Extraclassroom Activity Fund is included in the Miscellaneous Special Revenue Fund.

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



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

Ladies and Gentlemen:

In planning and performing our audit of the statement of cash receipts and disbursements – cash basis of the Extraclassroom Activity Fund of *Fillmore Central School District* as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered *Fillmore 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 *Fillmore Central School District's* internal control. Accordingly, we do not express an opinion on the effectiveness of *Fillmore Central School District's* internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

#### **Point of Sale Records**

We noted certain instances where the receipt of cash lacked point of sale records. Each cash receipt received by the central treasurer should be accompanied by supporting documentation which reconciles cash received to participation times rates/fees. We recommend that point of sale records be filled out in detail or an appropriate summary be attached by the student treasurer and teacher advisor, and be verified or reviewed by the central treasurer.

***District's response: The District has created a Point of Sale Record document that meets the reporting requirements as outlined by the Independent Auditor. Training in the use of this document has been provided to all extra-classroom advisors. The Central Treasurer requires the completion of this document at the time of deposit of funds. We will continue to make every effort to comply with this requirement.***

#### **Internal Profit Margin Analysis**

During our review of cash receipts, we reviewed documentation to determine whether or not internal profit margin analyses are being performed on fundraisers. Margin analysis is an excellent tool for analyzing the profitability of a fundraiser, and also identifying any potential errors in record keeping or potential fraud. We recommend that the Central Treasurer monitor the completion of such analysis and follow-up with Activities that are not turning over forms for review.

***District's response: The District has prepared and supplied to all extraclassroom organizations, a Fund Raising Analysis document that meets the requirements of reporting profit and loss on all fund raising activities.***

Additional comments for the extraclassroom fund of *Fillmore Central School District* are listed below:

**Inactive Activity Funds**

During the audit of the extraclassroom activity fund we noted certain activities fund which had little to no activity during the current fiscal year and seemed to be inactive. We recommend those activities which are deemed to be inactive should be closed out and transferred to the General Fund or to another Activity Fund. The District may wish to develop a policy which dictates the course of action when activity funds remain inactive for a period of time, such as being transferred to the student council fund.

***District's response: The District will encourage all student groups to have an active club during the school year. If there are student groups that are no longer active, the District will delete the organization and transfer remaining funds to Student Council as designated by Board Policy.***

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

*Buffamante Whipple Buttafaro PC*

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

**Olean, New York  
March 15, 2023**

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

March 15, 2023

To the Audit Committee  
and Board of Education  
**Fillmore Central School District**  
Fillmore, New York

We have audited the financial statements of **Fillmore Central School District** as of and for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Governmental Auditing standards and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 1, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by **Fillmore Central School District** are described in Note 1 to the financial statements. During the current year the District implemented Governmental Accounting Standards Board Statement Number 87, *Leases*. The implementation of this new standard resulted in a prior period adjustment in the District's financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures on long-term debt in Note 3 to the financial statements, due to their significance.

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

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

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

***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The District did not record accounts payable of approximately \$83,000 in the capital project fund, which was deemed not material, either individually or in the aggregate to the financial statements taken as a whole.

**Disagreements with Management**

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

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated March 15, 2023.

**Management Consultations with Other Independent Accountants**

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

**Other Audit Findings or Issues**

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

**Other Matters**

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

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

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

Very truly yours,

*Buffamante Whipple Buttafaro PC*

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.