AVOCA CENTRAL SCHOOL DISTRICT

AUDIT REPORTING PACKAGE

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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2021 REPORTING PACKAGE

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AVOCA CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

Avoca Central School District

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

INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Change in Accounting Principle

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

Member of American Institute of Certified Public Accountants
Private Companies Practice Section

Report on Summarized Comparative Information

We have previously audited the ***Avoca Central School District's*** June 30, 2020 financial statements, and our report dated September 15, 2020, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 through 9), budgetary comparison information (pages 35 through 36), schedule of changes in the District's net OPEB liability and related ratios (page 42), schedule of District contributions – OPEB (page 43), the schedule of the District's contributions for defined benefit pension plans (page 44), and schedule of the District's share of the net pension asset/liability (page 45), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated September 21, 2021 on our consideration of ***Avoca Central School District's*** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ***Avoca 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 ***Avoca Central School District's*** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 21, 2021

I. Discussion and Analysis

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

II. Financial Highlights

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

- Overall net position of the District decreased during the current year in the amount of $377,000 from operations as compared to an decrease of $418,000 during the prior fiscal year.
- The District's total revenue increased approximately 12% from $13,367,000 for the year ended June 30, 2020 to $14,940,000 for the year ended June 30, 2021. This increase was primarily the result of an increase in state building aid.
- The District's total expenses increased approximately 11% from $13,785,000 during the year ended June 30, 2020 to $15,317,000 during the year ended June 30, 2021. This increase was primarily the result of increases in employee benefits costs related to NYSTRS pension costs and other post-retirement benefit costs related to actuarial update.
- The District had capital outlays during the current year in the amount of $3,753,000, which primarily related to costs associated with the capital projects 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 ***Avoca Central School District***.

III. Overview of the Financial Statements (continued)

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

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

1. Statement of Net Position

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

2. Statement of Activities

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

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

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

III. Overview of the Financial Statements (continued)

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

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

The District has two kinds of funds:

1. Governmental Funds

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

III. Overview of the Financial Statements (continued)

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

1. Governmental Funds (continued)

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

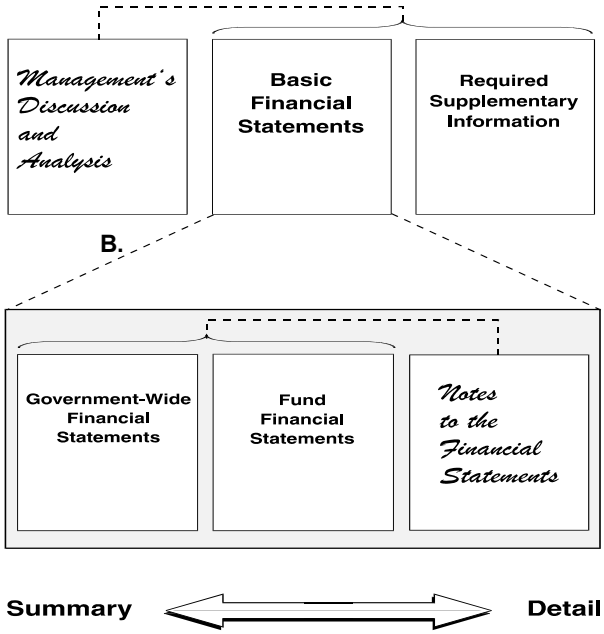
2. Fiduciary Funds

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

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

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

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



IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was approximately $5,469,000. The components of net position include: net investment in capital assets, of $16,322,000; restricted net position of $3,710,000; and unrestricted net deficit of $14,563,000.

Changes in Net Position

The District's total government-wide revenue increased by approximately 12%, to $14,940,000. Approximately 17%, 7% and 72% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 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)

Changes in Net Position (continued)

The total cost of all programs and services of the District increased 11% to $15,317,000. The District's expenses cover a range of services, with 69% related to instruction and 17% 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 12%, while total expenses increased 11%. The District's total net position decreased approximately $377,000 or 7% from operations during the fiscal year ended June 30, 2021.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled $14,940,000 for the fiscal year ended June 30, 2021. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 17% of the District's total revenue for governmental activities increased approximately 0% during the year ended June 30, 2021 as a result of no change in the tax levy.

- The District's most significant revenue is state sources which represent $10,929,000 or 72% of total governmental revenue. The District state sources increased 11% due to an increase in state building aid.

- During the year ended June 30, 2021, the District saw an increase in program revenue in the amount of $205,000, which mostly resulted from an increase in operating grants and contributions which increased $216,000. This was offset by a decrease in charges for services which decreased $11,000. These changes were the result of an increase in meal reimbursements related to the summer food service program rates being received for the entire year.

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 $15,317,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support increased by approximately $268,000 or 12% as a result of increased costs in employee benefits related to the NYSTRS pension update and the OPEB actuarial update.
- The District's instruction costs increased by approximately $1,084,000 or 11% which was the result of increased costs in employee benefits related to the NYSTRS pension update and the OPEB actuarial update.
- Debt service of the District increased approximately $133,000 during the year ended June 30, 2021 which related to the increase in interest expense.
- Transportation costs of the District increased 4% or $51,000 during the year ended June 30, 2021 due to increased costs in employee benefits related to the OPEB actuarial update.
- The District's cost of sales (food service fund) totaled $370,000 during the current year as compared to $359,000 during the fiscal year ended June 30, 2020. This increase was the result of more meals served during the COVID-19 Pandemic.
- The District received approximately $1,025,000 of operating grants and charges for services from its state and federal grants and tuition which subsidized certain programs of the District.
- Most of the District's net costs ($14 million) were financed by real property taxes and state aid.

Figure A-3 – Condensed Statement of Net Position

Avoca Central School District
Condensed Statement of Net Position (in thousands of dollars)

	Governmental Activities and Total District-wide		
	2021	2020	% Change
Assets			
Current and other assets	$ 6,819	$ 10,639	-36%
Capital assets	29,353	26,983	9%
Total assets	36,172	37,622	-4%
Deferred outflows of resources			
Deferred outflows related to bonds	251	378	-34%
Deferred outflows related to pensions and OPEB	12,729	11,372	12%
Deferred outflows of resources and assets	**$ 49,152**	**$ 49,372**	**0%**
Liabilities			
Other liabilities	$ 569	$ 1,662	-66%
Long-term liabilities	36,811	35,176	5%
Total liabilities	37,380	36,838	1%
Deferred inflows of resources			
Deferred inflows related to pensions and OPEB	6,303	6,795	-7%
Deferred inflows of resources and liabilities	43,683	43,633	0%
Net position			
Net investment in capital assets	16,322	14,663	11%
Restricted	3,710	3,466	7%
Unrestricted (deficit)	(14,563)	(12,390)	18%
Total net position	5,469	5,739	-5%
Total liabilities, deferred inflows of resources and net position	**$ 49,152**	**$ 49,372**	**0%**

Figure A-4 – Changes in Net Position

Avoca Central School District
Changes in Net Position from Operating Results (in thousands of Dollars)

	Governmental Activities and Total District-wide		
	2021	2020	% Change
Revenue			
Program revenue			
Charges for services	$ 28	$ 39	-29%
Operating grants and contributions	997	781	28%
General revenue			
Real property taxes	2,444	2,434	0%
Use of money & property	20	107	-82%
Sale of property & comp for loss	30	(50)	-160%
State sources	10,929	9,843	11%
Federal sources	187	47	100%
Miscellaneous	305	166	84%
Total revenue	14,940	13,367	12%
Expenses			
General support	2,445	2,177	12%
Instruction	10,671	9,587	11%
Transportation	1,330	1,279	4%
Community services	-	15	-100%
Debt service - interest	501	368	36%
Cost of sales	370	359	3%
Total expenses	15,317	13,785	11%
Change in net position	**$ (377)**	**$ (418)**	

Figure A-5 – Sources of Revenue

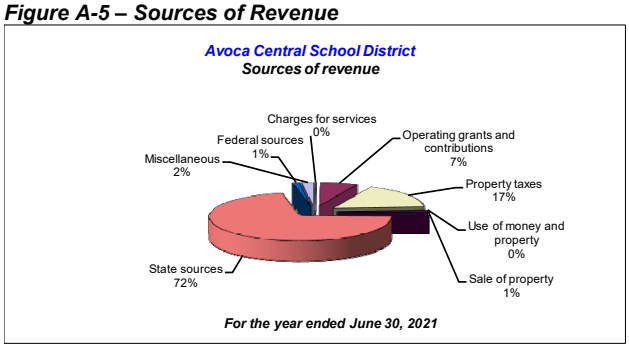


Figure A-6 – Expenses

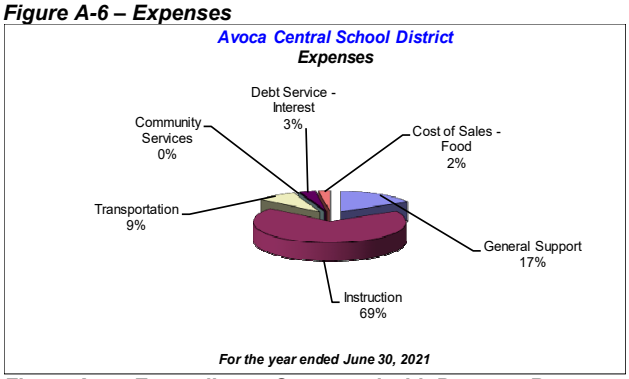


Figure A-7 – Expenditures Supported with Program Revenue

Avoca Central School District
Expenditures supported with program revenue (in thousands of dollars)

	Governmental Activites & Total District			
	2021		2020	
Expenditures supported with general revenue (from taxes & other sources)	$ 14,292	93%	$ 12,965	94%
Expenditures supported with program revenue	1,025	7%	820	6%
Total expenditures related to governmental activities	**$ 15,317**	**100%**	**$ 13,785**	**100%**

Figure A-8 – Net Cost of Governmental Activities

Avoca Central School District
Net Cost of Governmental Activities (in thousands of dollars)

	Total cost of services			Net cost of services		
	2021	2020	Change	2021	2020	Change
General support	$ 2,445	$ 2,177	$ 268	$ 2,425	$ 2,177	$ 248
Instruction	10,671	9,587	1,084	10,141	9,139	1,002
Transportation	1,330	1,279	51	1,330	1,279	51
Community services	-	15	(15)	-	15	(15)
Debt service - interest	501	368	133	501	368	133
Cost of sales - food	370	359	11	(105)	(13)	(92)
Total	**$ 15,317**	**$ 13,785**	**$ 1,532**	**$ 14,292**	**$ 12,965**	**$ 1,327**

V. Financial Analysis of the School District's Funds

It is important to note that variances between years for the governmental fund financial statements (Balance Sheets and Statement of Revenue, Expenditures and Changes in Fund Equity) are not the same as variances between years for the District-wide financial statements (Statement of Net Position and Statement of Activities). The District's governmental funds are presented on the current financial resources' measurement focus and the modified accrual basis of accounting, while the statement of net position is presented on the full accrual method of accounting. Therefore, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. 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 revenues exceeded its expenditures by approximately $490,000.
- The District's general fund unassigned fund balance equated to approximately $2,162,000 as of June 30, 2021.
- The District has many fund balance reserves during the year ended June 30, 2021, and had a total restricted fund balance of approximately $3,109,000.
- The District's total assets increased approximately $532,000 as of June 30, 2021, primarily due to an increase in state and federal receivables. The District's liabilities increased approximately $42,000, primarily from an increase in due to other funds.
- Total revenue in the District's general fund increased $782,000, which was primarily related to an increase in State building aid.
- Total expenditures in the District's general fund increased $659,000 which was primarily related to increases in interfund transfer out and debt service costs.

Food Service Fund

- The District's food service fund experienced a $105,000 increase in fund equity during the current fiscal year.
- Revenue in the District's food service fund was $475,000 during 2021 as compared with $372,000 in 2020. Expenditures in the food service fund increased approximately $9,000. These increases resulted from the serving of more meals utilizing the summer food service program rates for the entire year due to Covid-19 provisions.

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

Special Aid Fund

- The District's special aid fund revenue and expenditures increased approximately $102,000 which primarily resulted from state supported school tuition reimbursements.

Capital Projects Fund

- The District had expenditures in the amount of approximately $3,744,000 in capital projects during the year ended June 30, 2021, which was primarily related to costs associated with the construction project, capital outlay project and vehicle purchases.

VI. General Fund Budgetary Highlight

Over the course of the year, the District makes budget transfers. Actual expenditures were approximately $878,000, below the revised budget. The most significant positive variances were in the areas of instruction, transportation and employee benefits which totaled $608,000, $208,000 and $195,000, respectively, below that which were budgeted. Similarly, resources available for appropriations were approximately $294,000 below the final budgeted amount. Significant variance of revenue items consisted of other sources and state sources, which were approximately $305,000 and $269,000, below the revised budget.

Figure A-9 – Budget vs. Actual Comparison

Avoca Central School District
General Fund - Budget vs Actual Comparison (in thousands of dollars)

	Revised Budget	Actual	Difference	%
Revenue				
Local sources	$ 2,616	$ 2,759	$ 143	5%
State sources	10,565	10,296	(269)	-3%
Federal sources	50	187	137	274%
Other sources	391	86	(305)	-78%
Total revenue	**$ 13,622**	**$ 13,328**	**$ (294)**	**-2%**
Expenditures				
General support	$ 1,656	$ 1,555	$ 101	6%
Instruction	6,203	5,595	608	10%
Transportation	745	537	208	28%
Community Services	19	-	19	100%
Employee benefits	2,584	2,389	195	8%
Debt service	2,409	2,378	31	1%
Operating transfers	100	384	(284)	-284%
Total expenditures	**$ 13,716**	**$ 12,838**	**$ 878**	**6%**

VII. Capital Assets and Debt Administration

Capital Assets

As depicted in Figure A-10, as of June 30, 2021, the District had invested approximately $29,353,000 in a broad range of capital assets, including reconstruction projects, transportation vehicles and other equipment. Capital additions made during the year ended June 30, 2021, totaled approximately $3,753,000 and consisted primarily of capital project costs and vehicle purchases. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Long-term Debt

As depicted in Figure A-11, as of June 30, 2021, the District had approximately $36,811,000 in bonds, other post-employment benefits, net pension liabilities and compensated absences, a decrease of approximately 5% as compared with the previous year. The decrease in bonds payable was the result of the District making regularly scheduled debt payments. Other post-employment benefits liability increased during the year related to a calculation performed by the third-party actuary. Net pension liabilities decreased due to a decrease in the ERS Net Pension liability which was offset by the TRS Net pension becoming a liability in the current year where in the prior year it was an asset.

Figure A-10 – Capital Assets

Avoca Central School District
Capital Assets (net of depreciation)

	Governmental Activities & Total District-wide		
	2021	2020	Change
Land	$ 75,792	$ 75,792	0%
Cost basis	53,527,211	49,991,390	7%
Accumulated depreciation	(24,249,975)	(23,084,152)	5%
Total Capital Assets, net	**$ 29,353,028**	**$ 26,983,030**	**9%**

Figure A-11 – Outstanding Long-term Liabilities

Avoca Central School District
Outstanding Long-Term Debt and Liabilities

	Governmental Activities & Total District-wide		
	2021	2020	Change
Bonds payable	$ 12,254,391	$ 14,271,022	-14%
Installment purchase debt	781,813	781,813	0%
Net pension liabilities - TRS & ERS	633,868	887,368	-29%
Other post-employment benefits	22,776,243	18,943,278	20%
Compensated absences	364,945	291,877	25%
Total Long-Term Debt	**$ 36,811,260**	**$ 35,175,358**	**5%**

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 level of state aid in the upcoming years as a result of the 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:

Avoca Central School District
17-29 Oliver Street
District Administrative Offices
Attention: Mr. Matthew Pfleegor
School Business Administrator
Avoca, New York 14809

AVOCA CENTRAL SCHOOL DISTRICT

Schedule 1

STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

	2021	2020
Assets		
Cash and cash equivalents		
Unrestricted	$ 1,831,212	$ 1,890,662
Restricted	3,709,710	3,466,367
Receivables		
State and federal aid	803,518	431,631
Other receivables	23,214	10,323
Due from other governments	364,942	297,178
Due from other fiduciary funds	-	34,575
Inventories	22,068	22,930
Net pension asset - NYS Teachers' Retirement System	-	615,609
Cash to be used towards capital projects	64,616	3,870,818
Capital assets, net	29,353,028	26,983,030
Total assets	36,172,308	37,623,123
Deferred Outflows of Resources		
Deferred outflows related to bond refunding	250,701	378,061
Deferred outflows related to pensions	2,888,931	2,547,244
Deferred outflows related to OPEB	9,840,098	8,823,748
Total deferred outflows of resources	12,979,730	11,749,053
Total assets and deferred outflows of resources	$ 49,152,038	$ 49,372,176
Liabilities		
Current liabilities		
Accounts payable	$ 79,484	$ 1,220,435
Accrued liabilities	37,026	25,446
Accrued interest	23,000	11,000
Due to other governments	1,463	1,260
Due to retirement systems	427,662	404,246
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	1,940,000	1,645,000
Installment purchase debt	46,186	-
Portion due or payable after one year		
Bonds payable	10,314,391	12,626,022
Installment purchase debt	735,627	781,813
Net pension liability - NYS Teachers' Retirement System	630,663	-
Net pension liability - NYS Employees' Retirement System	3,205	887,368
Other post-employment benefits	22,776,243	18,943,278
Compensated absences	364,945	291,877
Total liabilities	37,379,895	36,837,745
Deferred Inflows of Resources		
Deferred inflows related to pensions	1,298,663	888,661
Deferred inflows related to OPEB	5,004,392	5,907,267
Total deferred inflows of resources	6,303,055	6,795,928
Total liabilities and deferred inflows of resources	43,682,950	43,633,673
Net Position		
Net investment in capital assets	16,322,596	14,662,607
Restricted	3,709,710	3,466,367
Unrestricted (deficit)	(14,563,218)	(12,390,471)
Total net position	5,469,088	5,738,503
Total liabilities, deferred inflows of resources and net position	$ 49,152,038	$ 49,372,176

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

	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants	2021 Net (Expense) Revenue and Changes in Net Position	2020 Net (Expense) Revenue and Changes in Net Position
Functions/Programs						
General support	$ 2,232,666	$ 212,542	$ -	$ 20,000	$ (2,425,208)	$ (2,176,950)
Instruction	9,893,768	777,389	18,572	511,911	(10,140,674)	(9,139,791)
Pupil transportation	912,712	417,294	-	-	(1,330,006)	(1,279,113)
Community services	-	-	-	-	-	(14,655)
Debt service	500,920	-	-	-	(500,920)	(367,742)
Food service program	369,904	-	9,960	465,042	105,098	12,596
Depreciation	1,407,225	(1,407,225)	-	-	-	-
Total functions and programs	$ 15,317,195	$ -	$ 28,532	$ 996,953	(14,291,710)	(12,965,655)
General Revenues						
Real property taxes					2,443,956	2,433,693
Use of money and property					19,621	107,247
Sale of property and compensation for loss					30,250	(50,040)
Miscellaneous					304,653	166,547
State sources					10,928,948	9,842,979
Federal sources					187,163	47,587
Total general revenues					13,914,591	12,548,013
Change in net position					(377,119)	(417,642)
Net position - beginning of year					5,738,503	6,156,145
Prior period adjustments					107,704	-
Net position - end of year					$ 5,469,088	$ 5,738,503

AVOCA CENTRAL SCHOOL DISTRICT

Schedule 3

COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2021

	Governmental Funds							
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	*2021* (Memo only) Total	*2020* (Memo only) Total
Assets								
Unrestricted cash and cash equivalents	$ 1,697,232	$ 448	$ 25,947	$ -	$ -	$ 104,343	$ 1,827,970	$ 1,915,937
Restricted cash and cash equivalents	3,108,568	-	-	604,384	64,616	-	3,777,568	7,311,910
Due from other funds	384,229	-	-	1,031	-	-	385,260	437,160
State and federal aid receivable	533,747	203,080	66,691	-	-	-	803,518	431,631
Other receivables	20,747	-	2,467	-	-	-	23,214	10,323
Due from other governments	323,906	-	41,036	-	-	-	364,942	297,178
Inventories	-	-	22,068	-	-	-	22,068	22,930
Total assets	$ 6,068,429	$ 203,528	$ 158,209	$ 605,415	$ 64,616	$ 104,343	$ 7,204,540	$ 10,427,069
Liabilities and Fund Equity								
Liabilities								
Accounts payable	$ 78,782	$ 690	$ -	$ -	$ 12	$ -	$ 79,484	$ 1,220,435
Accrued liabilities	34,941	-	2,085	-	-	-	37,026	25,446
Due to other funds	85,395	202,838	20,443	17,752	58,832	-	385,260	402,585
Due to other governments	-	-	1,463	-	-	-	1,463	1,260
Due to Teachers' Retirement System	386,254	-	-	-	-	-	386,254	365,222
Due to Employees' Retirement System	41,408	-	-	-	-	-	41,408	39,024
Total liabilities	626,780	203,528	23,991	17,752	58,844	-	930,895	2,053,972
Fund Equity								
Nonspendable	-	-	22,068	-	-	-	22,068	22,930
Restricted	3,108,568	-	-	587,663	-	13,479	3,709,710	3,466,367
Committed	-	-	-	-	-	90,864	90,864	-
Assigned	170,750	-	112,150	-	5,772	-	288,672	2,831,745
Unassigned	2,162,331	-	-	-	-	-	2,162,331	2,052,055
Total fund equity	5,441,649	-	134,218	587,663	5,772	104,343	6,273,645	8,373,097
Total liabilities and fund equity	$ 6,068,429	$ 203,528	$ 158,209	$ 605,415	$ 64,616	$ 104,343	$ 7,204,540	$ 10,427,069

AVOCA CENTRAL SCHOOL DISTRICT

Schedule 4

COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Funds							
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	2021 (Memo only) Total	2020 (Memo only) Total
Revenue								
Real property taxes	$ 2,443,956	$ -	$ -	$ -	$ -	$ -	$ 2,443,956	$ 2,433,693
Charges for services	18,572	-	-	-	-	-	18,572	17,413
Use of money and property	16,232	-	11	2,617	-	772	19,632	107,256
Sale of property and compensation for loss	6,310	-	-	-	-	-	6,310	11,134
Miscellaneous	274,358	-	2,251	-	-	30,295	306,904	174,166
State sources	10,295,584	166,260	54,935	-	633,364	-	11,150,143	10,009,383
Federal sources	187,163	365,651	394,503	-	-	-	947,317	637,730
Surplus food	-	-	15,604	-	-	-	15,604	24,190
Sales (school food service)	-	-	7,698	-	-	-	7,698	13,863
Total revenue	13,242,175	531,911	475,002	2,617	633,364	31,067	14,916,136	13,428,828
Expenditures								
General support	1,554,907	20,000	93,627	-	-	-	1,668,534	1,631,059
Instruction	5,595,209	511,911	-	-	-	-	6,107,120	6,029,912
Pupil transportation	536,521	-	-	-	284,352	-	820,873	766,452
Community services	-	-	-	-	-	-	-	14,655
Employee benefits	2,388,938	-	63,488	-	-	-	2,452,426	2,539,578
Debt service								
Principal	1,645,000	-	-	-	-	-	1,645,000	1,405,000
Interest	733,191	-	-	-	-	-	733,191	412,250
Capital outlay	-	-	-	-	3,448,931	-	3,448,931	6,042,985
Cost of sales	-	-	117,766	-	-	-	117,766	115,704
Other expenses	-	-	95,023	-	-	34,428	129,451	91,596
Total expenditures	12,453,766	531,911	369,904	-	3,733,283	34,428	17,123,292	19,049,191
Excess (deficiency) of revenue over expenditures	788,409	-	105,098	2,617	(3,099,919)	(3,361)	(2,207,156)	(5,620,363)
Other sources and uses								
BANs redeemed from appropriations	-	-	-	-	-	-	-	180,000
Premium earned on serial bonds	-	-	-	-	-	-	-	1,309,720
Issuance of serial bonds	-	-	-	-	-	-	-	6,885,000
Issuance of installment purchase debt	-	-	-	-	-	-	-	781,813
Operating transfers in	86,073	-	-	-	384,352	-	470,425	117,752
Operating transfers out	(384,352)	-	-	(75,000)	(11,073)	-	(470,425)	(117,752)
Total other sources	(298,279)	-	-	(75,000)	373,279	-	-	9,156,533
Excess (deficiency) of revenue and other sources over expenditures and other uses	490,130	-	105,098	(72,383)	(2,726,640)	(3,361)	(2,207,156)	3,536,170
Fund equity, beginning of year	4,951,519	-	29,120	660,046	2,732,412	-	8,373,097	4,836,927
Prior period adjustments	-	-	-	-	-	107,704	107,704	-
Fund equity , end of year	$ 5,441,649	$ -	$ 134,218	$ 587,663	$ 5,772	$ 104,343	$ 6,273,645	$ 8,373,097

AVOCA CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

Total fund balances - governmental funds		$ 6,273,645
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets consist of the following at year-end:		
Cost of the assets	$ 53,603,003	
Accumulated depreciation	(24,249,975)	29,353,028
Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(23,000)
Deferred outflows from the refunding of debt is reported on 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 combined statement of revenue, expense and changes in fund equity.		250,701
District's proportionate share of actuarial calculated pension expense and net amortization of deferred outflows and inflows related to pension are recorded in the statement of activities, whereas in the governmental funds pension expense is based on District's required contribution to pension plans.		1,590,268
Deferred inflows/outflows of resources relatedto acturial 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.		4,835,706
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	(12,254,391)	
Installment purchase debt	(781,813)	
Net pension liability - TRS	(630,663)	
Net pension liability - ERS	(3,205)	
Other post-employment benefits	(22,776,243)	
Compensated absences	(364,945)	(36,811,260)
Total net position - governmental activities		$ 5,469,088

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

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	$ 5,605,538	$ -	$ -	$ (64,616)	$ 5,540,922
Due from other funds	385,260	-	-	(385,260)	-
State and federal aid receivable	803,518	-	-	-	803,518
Other receivables	23,214	-	-	-	23,214
Due from other governments	364,942	-	-	-	364,942
Inventories	22,068	-	-	-	22,068
Cash to be used towards capital projects	-	-	-	64,616	64,616
Capital assets, net	-	29,353,028	-	-	29,353,028
Total assets	7,204,540	29,353,028	-	(385,260)	36,172,308
Deferred Outflows of Resources					
Deferred outflows related to bond refunding	-	250,701	-	-	250,701
Deferred outflows related to pensions	-	2,888,931	-	-	2,888,931
Deferred outflows related to OPEB	-	9,840,098	-	-	9,840,098
Total assets and deferred outflows of resources	$ 7,204,540	$ 42,332,758	$ -	$ (385,260)	$ 49,152,038
Liabilities, Deferred Inflows of Resources and Fund Equity/Net Position					
Liabilities					
Accounts payable	$ 79,484	$ -	$ -	$ -	$ 79,484
Accrued liabilities	37,026	-	-	-	37,026
Accrued interest	-	-	23,000	-	23,000
Due to other funds	385,260	-	-	(385,260)	-
Due to other governments	1,463	-	-	-	1,463
Due to retirement systems	427,662	-	-	-	427,662
Bonds payable	-	-	12,254,391	-	12,254,391
Installment purchase debt	-	-	781,813	-	781,813
Net pension liability-TRS	-	-	630,663	-	630,663
Net pension liability-ERS	-	-	3,205	-	3,205
Other post-employment benefits	-	-	22,776,243	-	22,776,243
Compensated absences	-	-	364,945	-	364,945
Total liabilities	930,895	-	36,834,260	(385,260)	37,379,895
Deferred Inflows of Resources					
Deferred inflows related to pensions	-	-	1,298,663	-	1,298,663
Deferred inflows related to OPEB	-	-	5,004,392	-	5,004,392
Total liabilities and deferred inflows of resources	930,895	-	43,137,315	(385,260)	43,682,950
Fund equity and net position	6,273,645	42,332,758	(43,137,315)	-	5,469,088
Total liabilities, deferred inflows of resources, and fund equity and net position	$ 7,204,540	$ 42,332,758	$ -	$ (385,260)	$ 49,152,038

AVOCA CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

Total net change in fund balances - governmental funds		$ (2,207,156)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Activity for the current fiscal year ended was as follows:		
Capital outlays	$ 3,753,283	
Depreciation expense	(1,407,225)	2,346,058
Disposal of equipment with remaining book value is reported as a loss in the statement of activities, whereas this transaction has no effect on revenue or expenditures reported in the governmental funds.		23,940
Repayment of bond (including refunding) and bond anticipation notes redeemed from appropriations are recorded as an expenditure in the governmental funds, but the repayment reduces long-term and short-term liabilities in the statement of net position.		1,645,000
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when its due, and thus required the use of current financial resources. In the state of acitivities, however, interest expense is recognized as it accrues, regardless of when it is due. In adddition, premiums on bond anticipation notes and bonds are recorded as revenue in the governmental funds, whereas in the statement of activities, premiums are amortized into interest expense. Lastly, amortization of deferred outflows related to bond refundings are also reflected in the statement of activities.		232,271
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.		(430,424)
District's actuarial calculated OPEB expense and net amortization of deferred outflows and inflows realted to OPEB are recorded in the statement of activities, whereas in the governmental funds OPEB expense is based on District's required contribution to OPEB plan.		(1,913,740)
In the statement of activities, certain operating expenses - compensated absences are measured by the amounts earned udring 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 changed by this amount.		(73,068)
Change in net position of governmental activities		$ (377,119)

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

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	$ 2,443,956	$ -	$ -	$ -	$ 2,443,956
Charges for services	18,572	-	-	(18,572)	-
Use of money and property	19,632	-	-	(11)	19,621
Sale of property and compensation for loss	6,310	23,940	-	-	30,250
Miscellaneous	306,904	-	-	(2,251)	304,653
State sources	11,150,143	-	-	(221,195)	10,928,948
Federal sources	947,317	-	-	(760,154)	187,163
Surplus food	15,604	-	-	(15,604)	-
Sales (school food service)	7,698	-	-	(7,698)	-
Total revenue	14,916,136	23,940	-	(1,025,485)	13,914,591
Expenditures					
General support	1,668,534	192,542	-	564,132	2,425,208
Instruction	6,107,120	777,389	73,068	3,183,097	10,140,674
Pupil transportation	820,873	132,942	-	376,191	1,330,006
Community services	-	-	-	-	-
Employee benefits	2,452,426	-	2,344,164	(4,796,590)	-
Debt service	2,378,191	-	(1,877,271)	-	500,920
Capital outlay	3,448,931	(3,448,931)	-	-	-
Cost of sales and other expense	247,217	-	-	(352,315)	(105,098)
Total expenditures	17,123,292	(2,346,058)	539,961	(1,025,485)	14,291,710
Excess (deficiency) of revenue over expenditures	(2,207,156)	2,369,998	(539,961)	-	(377,119)
Other sources and uses					
Operating transfers in	470,425	-	-	(470,425)	-
Operating transfers out	(470,425)	-	-	470,425	-
Total other sources	-	-	-	-	-
Net change for year	$ (2,207,156)	$ 2,369,998	$ (539,961)	$ -	$ (377,119)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Significant Accounting Policies

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

B. Joint Venture

The ***Avoca Central School District*** is a component of the Supervisory District of the Steuben and Allegany Counties 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 $2,008,000 for BOCES administration, program and capital costs. The District's share of BOCES aid and refunds amounted to $1,109,000 for the year ended June 30, 2021. Financial statements for the Steuben and Allegany Counties BOCES are available at the BOCES administrative offices.

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)

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

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

3. Fiduciary Fund Types

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These activities are not included in the District-wide financial statements because their resources do not belong to the District and are not available to be used. The District does not have any activities that qualify for reporting as a fiduciary.

D. Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within the current period, except for real property taxes, which are considered to be available if they are collected within 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 capital leases are reported as other financing sources.

E. Cash and Cash Equivalents

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

F. Inventory

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

G. Investments

Investments are stated at current market value.

H. 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.

I. Capital Assets

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Capital Assets (continued)

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	$ 500	Straight-line	15-50 years
Land improvements	$ 500	Straight-line	15-50 years
Furniture and equipment	$ 500	Straight-line	5-25 years
Transportation vehicles	$ 500	Straight-line	5-7 years

J. Unearned Revenue

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. Unearned revenue recorded in the governmental funds are not recorded in the District-wide statements.

K. Post-Employment Benefits

The District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. The cost of providing retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums (for retirees and their dependents) as an expenditure in the general fund in the year paid.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 several items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the governmental wide Statement of Net Position. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The fourth item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the actuarial changes in assumptions and other inputs, along with benefits paid subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has several items that qualify for reporting in this category. 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 next item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the actuarial changes in assumptions.

M. Fund Equity

1. Governmental Funds

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Fund Equity (continued)

1. Governmental Funds (continued)

A. Nonspendable

Fund balance associated with assets that are inherently nonspendable in the current period because of their form or because they must be maintained intact, including inventories, prepaids, long-term loans and notes receivable, and property held for relate (unless the proceeds are restricted, committed, or assigned). The District had nonspendable fund balance in the food service fund in the amount of $22,068 as of June 30, 2021.

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 succeeding fiscal year's budget. If the District elects to convert to tax basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is recorded in the General Fund.

2. Reserve for Employee Benefits

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

3. Reserve for Debt Service

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 Debt Service Fund.

4. Reserve for Insurance Recoveries

This reserve contains the difference between the insurance recovery received for the destruction of District property and the cost of replacement. This reserve is recorded in the in the General Fund.

5. Reserve for Retirement Contribution

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.

6. Reserve for TRS Contributions Sub-Fund

This reserve is used to accumulate funds for teachers' retirement system contributions. The reserve is limited annually by 2% and in total 10% of teachers' retirement system salaries. The reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

7. Tax Certiorari Reserve

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. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

8. Reserve for Workers' Compensation

This reserve is used to accumulate funds for the purpose of paying for compensation benefits and other expenditures authorized under Article 2 of the New York State Workers' Compensation Law, and for payment of expenditures of administering this self-insurance program.

Excess reserve amounts may be either transferred to another reserve or applied to the appropriations for the next succeeding 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 for which bonds may be issued. Voter authorization is required for both the establishment of the reserves and payments from the reserves. This reserve is accounted for in the General Fund.

10. Capital Reserve - Transportation

This reserve is used to accumulate funds to finance all or a portion of future transportation equipment purchases. Voter authorization is required for both the establishment of the reserves and payments from the reserves. This reserve is accounted for in the General Fund.

11. Reserve for Scholarships

This reserve is used to account for endowments, scholarships and other funds held by the School District. These monies and earnings must be used for the specific purpose of the original contribution. This reserve is accounted for in the miscellaneous special revenue fund.

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 committed fund balance as of June 30, 2021.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Fund Equity (continued)

1. Governmental Funds (continued)

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 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. Encumbrance reserve totaled $108,105 as of June 30, 2021.

2. Appropriated Fund Balance

General Fund – The amount of $62,645 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2022 as allowed by section 1318 of the Real Property Tax Law.

E. Unassigned

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

2. Government-wide Financial Statements

A. Net Investment in Capital Assets

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Fund Equity (continued)

2. Government-wide Financial Statements (continued)

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.

N. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Budgetary Procedures and Budgetary Accounting (continued)

1. Budget Policies (continued)

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 did not make any supplemental appropriations during the year ended June 30, 2021.

2. Budget Basis for Accounting

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

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

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

O. Property Taxes

1. Calendar

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

2. Enforcement

Uncollected real property taxes are subsequently enforced by the 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Interfund Transfers

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

Q. Deferred Compensation Plan

Avoca 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.

R. 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.

S. Reclassifications

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

T. New Accounting Pronouncement

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

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

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

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

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the 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 Equity 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 Transactions Differences

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

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

B. Statement of Revenues, Expenditures and Changes in Fund Equity 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

A. Cash

The ***Avoca 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 and as of June 30, 2021, the District's bank deposits were fully collateralized.

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B. 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, 2021 per the bank (including certificates of deposits) were approximately $5,841,000 Deposits are categorized as follows:

Category 1	Category 2	Category 3	Carrying Value
$ 750,000	$ 5,091,000	$ -	$ 5,841,000

The District also had $36,753 in deposits with a fiscal agent related to the energy performance contract at June 30, 2021.

C. Interfund Transactions

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

	Interfund Receivable	Interfund Payable
General Fund	$ 384,229	$ 85,395
School Lunch Fund	-	20,443
Special Aid Fund	-	202,838
Debt Service Fund	1,031	17,752
Capital Fund	-	58,832
Total	$ 385,260	$ 385,260

	Interfund Revenue	Interfund Expense
General Fund	$ 86,073	$ 384,352
Debt Service Fund	-	75,000
Capital Fund	384,352	11,073
Total	$ 470,425	$ 470,425

During the year ended June 30, 2021, the District transferred $384,352 from the general fund to the capital projects fund to finance the capital outlay project and bus purchases for $100,000 and $284,352, respectively. The District also transferred $11,073 of prior year capital outlay funds to the General Fund from the Capital Projects Fund. Lastly, the District transferred $75,000 from the Debt Service Fund to the General Fund to cover debt service requirements.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

D. Receivables

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

Fund	Description	Amount
Special Aid	State and Federal Aid	$ 203,080
General	State and Federal Aid	533,747
General	Other receivables	20,747
Food Service	State and Federal Aid	66,691
Food Service	Other receivables	2,467
Food Service	Due from Other Governments	41,036
General	Due from Other Governments	323,906
		$ 1,191,674

E. Capital Assets

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

	Beginning Balance 06/30/20	Net Change	Ending Balance 06/30/21
Governmental activities:			
Capital assets that are not depreciated:			
Land	$ 75,792	$ -	$ 75,792
Construction in Progress	7,116,490	(5,753,980)	1,362,510
Capital assets that are depreciated:			
Buildings and improvements	40,375,982	9,202,911	49,578,893
Furniture, equipment, and vehicles	2,498,918	86,890	2,585,808
Total historical cost	50,067,182	3,535,821	53,603,003
Less accumulated depreciation:			
Buildings and improvements	21,662,362	1,231,675	22,894,037
Furniture, Equipment, and Vehicles	1,421,790	(65,852)	1,355,938
Total accumulated depreciation	23,084,152	$ 1,165,823	24,249,975
Total net book value	$ 26,983,030		$ 29,353,028

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

E. Capital Assets (continued)

Depreciation expense was charged to governmental functions as follows:

General support	$	212,542
Instruction		777,389
Pupil transportation		417,294
	$	1,407,225

During the current year, the District had capital additions in the amount of $3,753,283.

F. Liabilities

I. 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.

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

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

2. Contributions

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

I. Pension Plans (continued)

2. Contributions (continued)

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
2021	$ 372,000	$ 137,000
2020	350,000	128,000
2019	423,000	125,000

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

Since 1989, the TRS' billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis.

Over the years, State Legislature authorized local governments to make available retirement incentive programs to qualifying employees. The District had no expenditures incurred or liability accrued related to the retirement incentive liabilities as of and for the year ended June 30, 2021.

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)

F. Liabilities (continued)

I. 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, 2021, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

Actuarial measurement date	ERS 3/31/2021	TRS 6/30/2020
Net pension asset/(liability)	$ (3,205)	$ (630,663)
District's portion of the Plan's total net pension asset/(liability)	.0032183%	.022823%

For the year ended June 30, 2021, the District recognized pension expense of $75,587 for ERS and $859,679 for TRS. At June 30, 2021 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 39,137	$ 552,587	$ -	$ 32,320
Changes of assumptions	589,221	797,642	11,113	284,318
Net difference between projected and actual earnings on pension plan investments	-	411,878	920,545	-
Changes in proportion and differences between the Districts contributions and proportionate share of contributions	16,226	68,839	17,112	33,255
District's contributions subsequent to the measurement date	41,408	371,993	-	-
Total	$ 685,992	$ 2,202,939	$ 948,770	$ 349,893

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

I. 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 ending June 30, 2022. 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 ending:		
2021	$ (54,853)	$ 256,263
2022	(18,950)	506,526
2023	(51,082)	413,983
2024	(179,301)	255,943
2025	-	11,938
Thereafter	-	36,400

4. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	3/31/21	6/30/20
Actuarial valuation date	4/1/20	6/30/19
Interest rate	5.9%	7.10%
Salary scale	4.4% average	1.90% - 4.72%
Decrement tables	4/1/15 – 3/31/20 System's Experience	7/1/09 – 6/30/14 System's Experience
Inflation rate	2.7%	2.20%

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

I. 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 MP-2020. For TRS, annuitant mortality rates are based on member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP2019, applied on a generational basis. Active members' mortality rates are based on plan members' experience.

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

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

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

I. Pension Plans (continued)

5. Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 7.10% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions form 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 7.10% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1- percentage point lower (4.9% for ERS and 6.10% for TRS) or 1-percentage point higher (6.9% for ERS and 8.10% for TRS) than the current rate:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension asset/ (liability)	$ (889,470)	$ (3,205)	$ 814,140

TRS	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
Employer's proportionate share of net pension asset/ (liability)	$ (3,983,682)	$ (630,663)	$ 2,183,369

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

I. 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 measured dates, were as follows:

(In thousands)

	ERS	TRS
Measurement date	3/31/21	6/30/20
Employers' total pension liability	$ 220,608,157	$ 123,242,776
Plan Net Position	$ 220,580,583	$ 120,476,505
Employers' net pension asset/ (liability)	$ (99,574)	$ (2,763,271)
Ratio of plan net position to be Employers' total pension liability	99.95%	97.8%

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to $41,408.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to $386,254 (employer contributions $371,993 and employee contributions of $14,261).

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

II. Other Post-Employment Benefits

Plan Description

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

Employees Covered by Benefit Terms

For the fiscal year ended June 30, 2021, the plan had total active employees of 102 and retirees of 53.

Total OPEB Liability

The District's total OPEB liability of $22,776,243 was measured as of December 31, 2020 and was determined by an actuarial valuation as of January 1, 2019.

Actuarial Methods and Other Inputs

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40% per year
Salary increases	Vary by pension retirement system membership (New York State Teachers Retirement System (TRS) or Employees Retirement System (ERS))
Discount rate	2.12% as of December 31, 2020
Healthcare cost trend rates	2020 – 5.4% reduced to an ultimate rate of 3.94% by 2075.
Retirees' share of benefit-related costs	District pays 50% for single and 50% for family – based on years of service and credited months

The discount rate was based on the Bond Buyer 20-year Bond GO Index.

Mortality rates were based on the Pub-2010 Teachers and General Employees Headcount-Weighted table projected fully generationally using MP-2019.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

II. Other Post-Employment Benefits (continued)

Changes in the Total OPEB Liability

Service cost	$ 920,349
Interest	540,562
Differences between expected and actual experience	(28,870)
Changes in assumptions	2,672,928
Benefit payments	(272,004)
Net changes	3,832,965
Net OPEB liability – beginning of year	18,943,278
Net OPEB liability – end of year	$ 22,776,243

There were no changes in assumptions since the last valuation except for a change in the discount rate from 2.74% in December 2019 to 2.12% in December 2020 which was updated based on the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of December 31, 2020.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.12%) or 1 percentage point higher (3.12%) that the current discount rate:

	1% Decrease (1.12%)	Current Assumption (2.12%)	1% Increase (3.12%)
Total OPEB liability	$ 28,158,560	$ 22,776,243	$ 18,669,005

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

II. 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 that the current healthcare cost trend rates:

	1% Decrease (4.4%-2.94%)	Current Assumption (5.4%-3.94%)	1% Increase (6.4%-4.94%)
Total OPEB liability	$ 17,813,842	$ 22,776,243	$ 29,621,803

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

For the year ended June 30, 2021, the District recognized OPEB expense of $2,204,287. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 4,617,647
District's contributions subsequent to the measurement	168,543	-
Changes in assumptions	9,671,555	386,745
Total	$ 9,840,098	$ 5,004,392

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

Measurement Period Ended December:	
2021	$ 743,376
2022	743,376
2023	743,376
2024	743,376
2025	822,416
Thereafter	871,243

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

III. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes (BANs)

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

2. Long-Term Debt

a. Debt Limit

At June 30, 2021, the total indebtedness represents approximately 63% of its debt limit.

b. Serial Bonds

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

c. Changes

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

III. Indebtedness (continued)

2. Long-Term Debt (continued)

c. Changes (continued)

	Balance June 30, 2021	Balance June 30, 2020	Amounts Due Within One Year
Serial bonds	$ 12,254,391	$ 14,271,022	$ 1,940,000
Installment Purchase Debt	781,813	781,813	46,186
Other post-employment benefits	22,776,243	18,943,278	-
Compensated absences	364,945	291,877	-
Net pension liability-ERS	3,205	887,368	-
Net pension liability-TRS	630,663	-	-
	$ 36,811,260	$ 35,175,358	$ 1,986,186

During the current year, the District made principal payments in the amount of $1,645,000, as well as amortization of premiums in the amount of $371,631. No new serial bonds were acquired in the current year. The net change in compensated absences was an increase of $73,068. The net change in other post-employment benefits was an increase of $3,832,965. The ERS net pension had a decrease in net pension liability in the amount of $884,163. The TRS net pension liability of $630,663 during the current year and was a net pension asset in the prior year.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

III. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Summary

The following is a summary of maturity of the District's serial bonds and installment purchase debt:

Description of Issue	Outstanding June 30, 2021
Serial Bonds, issued in 2016 with a maturity date of June, 2028, bonds carry interest at 2.00% - 5.00%.	$ 4,325,000
Plus: Unamortized premium on bonds	322,478
Serial Bonds, issued in 2020 through DASNY Serial Bond, issued in 2020 with a maturity date of June, 2035, bonds carry interest of 2.736%.	6,505,000
Plus: Unamortized premium on bonds	1,101,913
Installment Purchase Debt related to energy performance project, issued in 2020 with a maturity date of June 2035, carries interest of 2.842%.	781,813
	$ 13,036,204

e. Maturity

The following is a summary of maturing debt service requirements for serial bonds and installment purchase debt.

Year	Serial Bonds – 2016 Principal	Interest
2022	$ 1,330,000	$ 204,600
2023	1,400,000	138,850
2024	755,000	78,300
2025	195,000	41,000
2026	205,000	31,250
2027-2028	440,000	33,250
Total	$ 4,325,000	$ 527,250

Year	DASNY Serial Bonds – 2020 Principal	Interest
2022	$ 610,000	$ 325,250
2023	580,000	294,750
2024	485,000	265,750
2025	410,000	241,500
2026	430,000	221,000
2027-2031	2,185,000	773,500
2032-2035	1,805,000	231,000
Total	$ 6,505,000	$ 2,352,750

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

III. Indebtedness (continued)

2. Long-Term Debt (continued)

e. Maturity (continued)

Year	Installment Purchase Debt - 2020 Principal	Interest
2022	$ 46,186	$ 21,893
2023	47,507	20,571
2024	48,867	19,212
2025	50,266	17,813
2026	51,705	16,374
2027-2031	281,587	58,807
2032-2035	255,695	16,620
Total	$ 781,813	$ 171,290

f. Long-Term Debt Interest

Interest expense on long-term debt amounted to $733,191 for the year ended June 30, 2021.

3. Advanced Bond Refunding

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

As a result of a difference between the carrying value of the refunded debt and reacquisition price of the new debt, a deferred outflows of resources in the amount of $1,275,000 was recognized, of which $127,360 was amortized during the current year, with the remaining balance of $250,701 as of June 30, 2021 to be amortized through June 30, 2028.

4. Premiums, Debt Issuance Costs and Amortization

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

G. Fund Equity

I. Fund Equity 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, 2021
Nonspendable		
Food Service	Reserve for inventory	$ 22,068
Restricted:		
General	Reserve for insurance recoveries	$ 50,000
	Reserve for employee benefits	569,454
	Capital reserve	907,005
	Capital reserve – transportation	690,666
	Reserve for unemployment	93,064
	Reserve for tax certiorari	5,000
	Reserve for workers' compensation	233,033
	Reserve for TRS retirement contributions sub fund	75,348
	Reserve for retirement contributions	484,998
		$ 3,108,568
Debt Service	Reserve for debt service	$ 587,663
Miscellaneous Special Revenue	Reserve for Scholarships	$ 13,479
Committed:		
Miscellaneous Special Revenue	Fund balance for extraclassroom activities	$ 90,864
Assigned:		
General	Appropriated fund equity	$ 62,645
	Reserve for encumbrances	108,105
		$ 170,750
Capital	Fund equity	$ 5,772
Food Service	Fund equity	$ 112,150

II. District-wide Net Position

Net position of the District includes restricted net position of $3,709,710 which represent restricted amounts in the general fund, debt service fund and miscellaneous special revenue fund as presented above.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

H. Commitments and Contingencies

I. Risk Financing and Related Insurance

1. General Information

The ***Avoca 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 coverage, ***Avoca Central School District*** is a participant in the Steuben Area Schools Plan, a public entity risk pool operated for the benefit of 9 individual school districts. 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 $250,000 per insured event. The Steuben Area Schools Plan obtains independent coverage for insured events in excess of this amount.

The District participates in the Steuben-Allegany Area Schools Self-Insured Workers' Compensation Plan, a risk-sharing pool, to insure Worker's Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risk related to workers' compensation.

The ***Avoca Central School District*** has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

H. Commitments and Contingencies (continued)

II. 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.

III. 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 provisions of Governmental Accounting Statement No. 16, the value for accumulating, non-vesting sick leave is considered a contingent liability. The District reports approximately $633,000 at June 30, 2021 for accumulating, non-vesting sick leave.

IV. 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.

I. Tax Abatements

The Steuben County Industrial Development Agency entered into a property tax abatement program (Payment in Lieu of Taxes – PILOT) with a Corporation in the Avoca Central School District's tax jurisdiction for the purpose of an alternative energy project. The term of the PILOT is 20 years with the agreement expiring on December 31, 2028. Payments under the agreement are $500 during 2009 and increase gradually each year up to $8,259 in 2028. At this time, the District is unable to quantify the amount of taxes that have been abated under this program.

NOTE 4 - CAPITAL PROJECTS

On December 19, 2017, the voters of the District authorized a new capital project in the amount of $9,035,000. Total expenditures incurred during the year ended June 30, 2021 were $2,349,087.

The District also had a capital outlay project during the current year and incurred expenditures totaling $100,000. Additionally the District incurred $11,073 of transfers to the General Fund closing out prior capital outlay projects.

The District also had an energy performance contract project that began during the current year. Total expenditures incurred during the year ended June 30, 2020 were $513,259.

Furthermore, the District has costs associated with its Smart Schools Bond Act project in the amount of $486,585 during the year ended June 30, 2021.

Lastly, during the current year, the District purchased transportation vehicles in the amount of $284,352.

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 $138,000 of CARES Act assistance to the District which is for the funding period of March 13, 2020 through September 30, 2022. As of June 30, 2021 the District had expended the entire grant in the General Fund.

In December 2020, The Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act was passed which provided additional assistance to school districts. The New York State Department of Education has allocated approximately $414,000 of CRRSA Act assistance to the District. As of June 30, 2021 the District has not spent any of the CRRSA funds.

In March 2021, The American Rescue Plan (ARP) Act was passed which provided additional assistance to school districts. The New York State Department of Education has allocated approximately $1,631,000 of ARP Act assistance to the District. As of June 30, 2021 the District has not spent any of the ARP funds.

NOTE 5 – COVID 19 PANDEMIC (continued)

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

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

NOTE 6 – PRIOR PERIOD ADJUSTMENT

Implementation of GASB No. 84 required prior period adjustments for the governmental and fiduciary funds. This adjustment was needed to move the beginning balances amounts previously reported as fiduciary funds to the respective governmental funds. Total scholarship funds of $13,807 and extraclassroom activity funds of $93,897 were reclassified from fiduciary funds to governmental funds as of July 1, 2020.

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 20, 2021, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

AVOCA CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Adopted Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
Revenues				
Local Sources:				
Real property taxes and tax items	$ 2,415,879	$ 2,415,879	$ 2,415,879	$ -
Real property tax items	17,195	17,195	28,077	10,882
Charges for services	17,000	17,000	18,572	1,572
Use of money and property	25,000	25,000	16,232	(8,768)
Sale of property and compensation for loss	1,000	1,000	6,310	5,310
Miscellaneous	140,500	140,500	274,358	133,858
State Sources:				
Basic formula	9,701,504	9,701,504	9,416,493	(285,011)
BOCES	822,064	822,064	837,943	15,879
Textbooks	33,482	33,482	24,232	(9,250)
All other aid	7,722	7,722	16,916	9,194
Federal Sources:				
Medicaid reimbursement	50,000	50,000	48,960	(1,040)
Cares Act	-	-	138,203	138,203
Other Sources:				
Operating transfer in	391,111	391,111	86,073	(305,038)
Total revenue and other sources	13,622,457	13,622,457	$ 13,328,248	$ (294,209)
Appropriated fund equity and carryover encumbrances	76,923	93,072		
Total revenue, other sources and appropriated fund equity	$ 13,699,380	$ 13,715,529		

	Adopted Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
Expenditures					
General Support:					
Board of education	$ 34,510	$ 34,510	$ 27,996	$ -	$ 6,514
Central administration	202,892	200,232	197,852	-	2,380
Finance	278,220	278,220	259,384	3,850	14,986
Staff	63,160	66,439	59,560	-	6,879
Central services	746,325	841,118	782,100	2,545	56,473
Special items	246,957	235,957	228,015	-	7,942
Instructional:					
Instruction, administration and improvement	300,775	306,818	298,520	-	8,298
Teaching - regular school	2,935,466	2,889,139	2,636,728	-	252,411
Programs for children with handicapping conditions	1,251,230	1,268,106	1,149,854	-	118,252
Teaching - special schools	20,500	20,500	3,720	-	16,780
Occupational education	590,161	591,577	581,288	-	10,289
Instructional media	418,277	442,092	414,116	1,773	26,203
Pupil services	583,345	684,367	510,983	46,671	126,713
Pupil Transportation	739,511	744,738	536,521	-	208,217
Employee Benefits	2,700,724	2,584,144	2,388,938	53,266	141,940
Community Service	18,500	18,500	-	-	18,500
Debt Service:					
Debt service principal	1,715,000	1,656,820	1,645,000	-	11,820
Debt service interest	753,827	752,252	733,191	-	19,061
Total expenditures	13,599,380	13,615,529	12,453,766	108,105	1,053,658
Other Uses:					
Transfer to other funds	100,000	100,000	384,352	-	(284,352)
Total other uses	100,000	100,000	384,352	-	(284,352)
Total expenditures and other uses	$ 13,699,380	$ 13,715,529	12,838,118	$ 108,105	$ 769,306
Excess of revenue and other sources over expenditures and other uses			$ 490,130		

COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
Revenue			
State sources	$ 50,416	$ 54,935	$ 4,519
Federal sources	296,970	394,503	97,533
Sales	22,721	7,698	(15,023)
Miscellaneous	6,705	2,251	(4,454)
Surplus food	30,000	15,604	(14,396)
Use of money and property	-	11	11
Total revenue	406,812	475,002	68,190
Expenditures			
General support	95,835	93,627	2,208
Employee benefits	65,412	63,488	1,924
Cost of sales	147,975	117,766	30,209
Other expenses	97,590	95,023	2,567
Total expenditures	406,812	369,904	36,908
Excess (deficiency) of revenue over expenditures	$ -	105,098	$ 105,098
Fund equity, beginning of year		29,120	
Fund equity, end of year		$ 134,218	

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT FOR THE YEAR ENDED JUNE 30, 2021

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	$ 13,699,380
Additions:	
Prior year encumbrances	16,149
Original Budget	13,715,529
Budget Revisions:	-
Final budget	$ 13,715,529

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-22 voter-approved expenditure budget	**$ 13,990,232**
Maximum allowed (4% of 2021-22 budget)	**$ 559,609**
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:	
Unrestricted fund balance:	
Assigned fund balance	$ 170,750
Unassigned fund balance	2,162,331
Total unrestricted fund balance	2,333,081
Less:	
Appropriated fund balance	62,645
Enumbrances included in committed and assigned fund balance	108,105
Total adjustments	170,750
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	**$ 2,162,331**
Actual percentage	**15.5%**

* Per Office of State Comptroller's "Fund Balance Reporting and Governmental Type Definitions", Updated April 2011 (Orginally 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.

AVOCA CENTRAL SCHOOL DISTRICT

Schedule SS3

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2021

			Expenditures				Unexpended	Methods of financing				Fund
Project Title	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Interfund Transfers	Total	(Overexpended) Balance	Proceeds of Obligations	State Sources	Local Sources	Total	Balance June 30, 2021
Construction project ($9.035M)	$ 9,035,000	$ 9,035,000	$ 6,661,082	$ 2,349,087	$ -	$ 9,010,169	$ 24,831	$ 8,371,541	$ 46,229	$ 619,219	$ 9,036,989	$ 26,820
Energy Performance Contract	781,813	781,813	231,801	513,259	-	745,060	36,753	781,813	-	-	781,813	36,753
Smart School Bond Act Project	723,986	723,986	223,606	486,585	-	710,191	13,795	-	652,390	-	652,390	(57,801)
Capital outlay project 2017-18	100,000	100,000	97,000	-	3,000	100,000	-	-	-	100,000	100,000	-
Capital outlay project 2018-19	100,000	100,000	99,186	-	814	100,000	-	-	-	100,000	100,000	-
Capital outlay project 2019-20	100,000	100,000	92,741	-	7,259	100,000	-	-	-	100,000	100,000	-
Capital outlay project 2020-21	100,000	100,000	-	100,000	-	100,000	-	-	-	100,000	100,000	-
Transportation vehicles - current year	284,352	284,352	-	284,352	-	284,352	-	-	-	284,352	284,352	-
	$ 11,225,151	$ 11,225,151	$ 7,405,416	$ 3,733,283	$ 11,073	$ 11,149,772	$ 75,379	$ 9,153,354	$ 698,619	$ 1,303,571	$ 11,155,544	5,772
											Fund equity as of June 30, 2021	$ 5,772

BUDGET COMPARISON STATEMENT FOR STATE AND OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2021

Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Summer school	N/A	20-21	$ 19,190	$ 19,190	$ 19,190
Universal Pre-kindergarten	0409-21-7026	20-21	79,856	79,856	79,856
Section 4201 School for the Deaf	N/A	20-21	67,214	67,214	67,214
BOCES aid - food service fund	N/A	20-21	N/A	41,036	41,036
Summer food service program	N/A	20-21	N/A	13,899	13,899
				$ 221,195	$ 221,195

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

Note 1 – **Summary of Significant Accounting Policies**

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the ***Avoca 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 the 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 applicable program and periods. The amounts reported in the 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 ***Avoca Central School District*** is the recipient of a non-monetary federal award program. During the year ended June 30, 2021, the District reported in the Schedule of Federal Awards $15,604 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.

Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
US Department of Education:					
Direct Grant:					
Small, Rural School Achievement Program	84.358A	S358A197656	$ 32,426	$ 26,381	$ 26,381
Small, Rural School Achievement Program	84.358A	S358A207656	-	21,932	21,932
Passed through NYS Department of Education:					
Title I	84.010A	0021-21-2840	129,255	128,250	128,250
Title II, Part A	84.367A	0147-21-2840	21,608	21,608	21,608
Title IV - SSAE	84.424A	0204-21-2840	10,000	9,246	9,246
IDEA, Part B Public Law 94-142 *	84.027A	0032-21-0854	131,647	131,647	131,647
IDEA, Pre-school Public Law 99-457 *	84.173A	0033-21-0854	6,587	6,587	6,587
COVID-19 - CARES - ESSER	84.425D	5890-21-2840	118,174	118,174	118,174
COVID-19 - CARES - GEER	84.425C	5895-21-2840	20,029	20,029	20,029
Passed through NYS Department of Education:					
COVID-19 - Summer Food Service Program **	10.559	N/A	N/A	394,415	394,415
National School Snack Program **	10.555	N/A	N/A	88	88
Child Nutrition Equipment Assistance Grants	10.579	0005-20-0056	20,000	20,000	20,000
Passed through NYS Office of General Services:					
National School Lunch Program					
Noncash assistance (Donated Commodities) **	10.555	N/A	N/A	15,604	15,604
Total expenditures and revenue				$ 913,961	$ 913,961

* Constitutes a cluster of Federal programs names Special Education Cluster with revenues and expenditures of $ 138,234
** Constitutes a cluster of Federal programs named Child Nutrition Cluster with revenue and expenditures of $ 410,107

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
AS OF JUNE 30, 2021

Capital Assets	$	29,353,028
Less:		
Serial bonds		(12,254,391)
Energy performance, included in debt		(781,813)
Plus:		
Assets to be used for capital improvements, net of related liabilities		5,772
Net investment in capital assets	$	16,322,596

AVOCA CENTRAL SCHOOL DISTRICT

Schedule SS6

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS FOR THE YEARS ENDED JUNE 30, 2018 THROUGH JUNE 30, 2021

For the year ended June 30,	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 920,349	$ 251,780	$ 485,287	$ 465,898
Interest	540,562	278,986	559,014	514,017
Differences between expected and actual experience	(28,870)	(5,844,855)	-	-
Changes in assumptions	2,672,928	8,527,410	939,645	(712,795)
Benefit payments	(272,004)	(105,950)	(213,090)	(560,098)
Net change in total OPEB liability	3,832,965	3,107,371	1,770,856	(292,978)
Total OPEB liability - beginning	18,943,278	15,835,907	14,065,051	3,347,548
Prior period adjustment	-	-	-	11,010,481
Total OPEB liability - ending	$ 22,776,243	$ 18,943,278	$ 15,835,907	$ 14,065,051
Plan fiduciary net position				
Contributions - employer	$ 272,004	$ 105,950	$ 213,090	$ 560,098
Net investment income	-	-	-	-
Benefit payments	(272,004)	(105,950)	(213,090)	(560,098)
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending	$ -	$ -	$ -	$ -
District's net OPEB liability	$ 22,776,243	$ 18,943,278	$ 15,835,907	$ 14,065,051
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	$ 4,625,173	$ 4,767,202	$ 4,219,321	$ 4,336,344
District's net OPEB liability as a percentage of covered-employee payroll	492.44%	397.37%	375.32%	324.35%

Notes to Schedule:

Benefit Changes: None

Changes in assumptions: Discount rate 2.74% effective 12/31/19 changing from 2.12% as of 12/31/20.

Change in measurement date: The District opted to change their measurement date from June 30 to December 31 after the fiscal year ending June 30, 2019. The current year's calculations were performed using a valuation date of January 1, 2019 for reporting the District's full accrual financial statements with a measurement date of December 31, 2020.

SCHEDULE OF DISTRICT CONTRIBUTIONS – OPEB
FOR THE YEARS ENDED JUNE 30, 2018 THROUGH JUNE 30, 2021

For the year ended June 30,	2021	2020	2019	2018
Actuarially determined contributions	$ 272,004	$ 105,950	$ 213,090	$ 560,098
Contributions in relation to the actuarially determined contribution	(272,004)	(105,950)	(213,090)	(560,098)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 4,625,173	$ 4,767,202	$ 4,219,321	$ 4,336,344
Contributions as a percentage of District's covered-employee payroll	5.88%	2.22%	5.05%	12.92%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, 2019 and measured as of December 31, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	2.12% as of December 31, 2020
Inflation	2.40% per year
Healthcare cost trend rates	2020 - 5.4%. Rates expected to decrease each year thereafter with an ultimate rate of 3.94% after 2075.
Salary increases	10.00% - 2.90%
Mortality	Pub-2010 Headcount-Weighted table projected fully generationally using MP-2019.
Retiree Cost Sharing	District pays 50% for single and 50% for family - based on years of service.
Participants	102 Active and 53 Retirees

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

New York State Teachers' Retirement System

For the year ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	$ 371,993	$ 350,426	$ 423,488	$ 373,998	$ 443,003	$ 489,994	$ 629,454	$ 574,639	$ 412,901
Contributions in relation to the contractually required contribution	(371,993)	(350,426)	(423,488)	(373,998)	(443,003)	(489,994)	(629,454)	(574,639)	(412,901)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 3,903,389	$ 3,955,147	$ 3,987,646	$ 3,816,306	$ 3,779,889	$ 3,695,279	$ 3,590,724	$ 3,536,240	$ 3,487,340
Contributions as a percentage of District's covered-employee payroll	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%

New York State Local Employees' Retirement System

For the year ended March 31,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	$ 137,473	$ 128,440	$ 125,004	$ 133,509	$ 144,864	$ 164,898	$ 164,297	$ 209,536	$ 187,707
Contributions in relation to the contractually required contribution	(137,473)	(128,440)	(125,004)	(133,509)	(144,864)	(164,898)	(164,297)	(209,536)	(187,707)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 1,012,402	$ 961,264	$ 928,431	$ 905,059	$ 1,000,675	$ 935,004	$ 956,392	$ 1,004,212	$ 1,003,844
Contributions as a percentage of District's covered-employee payroll	13.58%	13.36%	13.46%	14.75%	14.48%	17.64%	17.18%	20.87%	18.70%

AVOCA CENTRAL SCHOOL DISTRICT

Schedule SS9

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, 2021

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

As of the measurement date of June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability/asset	n/a	0.022823%	0.023695%	0.023060%	0.023370%	0.023493%	0.023904%	0.023940%	0.023804%
District's proportionate share of the net pension asset/(liability)	n/a	$ (630,663)	$ 615,609	$ 416,979	$ 177,363	$ (251,616)	$ 2,482,879	$ 2,666,714	$ 156,688
District's covered-employee payroll	n/a	$ 3,955,147	$ 3,987,646	$ 3,816,306	$ 3,779,889	$ 3,695,279	$ 3,590,724	$ 3,536,240	$ 3,487,340
District's proportionate share of the net pension liability/asset as a percentage of its covered employee payroll	n/a	15.95%	15.44%	10.93%	4.70%	6.81%	69.15%	75.41%	4.49%
Plan fiduciary net position as a percentage of the total pension asset (liability)	n/a	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

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

As of the measurement date of March 31,	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension (liability)	0.0032183%	0.0033510%	0.0032104%	0.0030684%	0.0033788%	0.0035325%	0.0033362%	n/a	n/a
District's proportionate share of the net pension (liability)	$ (3,205)	$ (887,368)	$ (227,462)	$ (99,032)	$ (317,484)	$ (566,972)	$ (102,212)	$ (150,760)	n/a
District's covered-employee payroll	$ 1,012,402	$ 961,264	$ 928,431	$ 905,059	$ 1,000,675	$ 935,004	$ 956,932	$ 1,004,212	n/a
District's proportionate share of the net pension (liability) as a percentage of its covered employee payroll	0.32%	92.31%	24.50%	10.94%	31.73%	60.64%	10.68%	15.01%	n/a
Plan fiduciary net position as a percentage of the total pension (liability)	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	n/a	n/a

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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
Avoca Central School District
Avoca, New York

Report on Financial Statements

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 ***Avoca Central School District*** as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise ***Avoca Central School District's*** basic financial statements and have issued our report thereon dated September 20, 2021.

Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency in the District's internal control described in the accompanying schedule of findings and questioned costs as item II.A.2021-001 to be a material weakness.

Compliance and Other Matters

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

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Private Companies Practice Section

Avoca Central School District's Responses to Findings

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

Purpose of this Report

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 21, 2021

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of ***Avoca Central School District's*** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ***Avoca Central School District's*** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide legal determination on ***Avoca Central School District's*** compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

Report on Internal Control Over Compliance (continued)

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

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

Purpose of this Report

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 21, 2021

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified?	x	yes		no
Significant deficiency(ies) identified?		yes	x	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		$ 913,961
Identification of Major Programs Tested:		
U.S. Department of Agriculture - COVID-19 - Summer Food Service Program **		$ 394,415
U.S. Department of Agriculture - National School Snack Program **		88
U.S. Department of Agriculture - National School Lunch Program Noncash assistance **		15,604
Total major programs tested		$ 410,107
% of Federal programs tested		45%

** 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

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

Year ended June 30, 2021

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

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

Auditor's Recommendation: Although auditors may continue to provide such assistance both now and in the future, under the new 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, footnote disclosures and draft financial statements proposed for the current year audit and will continue to review similar information in future years. Further, the District believes it has a thorough understanding of these financial statements and the ability to make informed judgments based on these financial statements.

B. COMPLIANCE AND OTHER MATTERS

2021-002 Unassigned Fund Balance

Year ended June 30, 2021

Conditions and criteria: ***Avoca Central School District's*** unassigned fund balance as of June 30, 2021 amounted to $2,162,331. This amount constitutes approximately 15% of the 2021-2022 school budget.

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: ***Avoca Central School District's*** should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation of fund balance.

School District's Response: As a result of the audit, ***Avoca Central School District*** realizes its unassigned fund balance as of June 30, 2021 is in excess of the NYS mandated 4% level. The District will continue to review its options with regards to reservation and designation of fund balance.

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

A. COMPLIANCE

Year ended June 30, 2021

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

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2021

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

I. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2020-001 **Adjusting Journal Entries and Required Disclosures to the Financial Statements**

Year ended June 30, 2020

Summary of Prior Year Finding: Adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly 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, 2021, as identified as finding 2021-001.

B. COMPLIANCE AND OTHER MATTERS

2020-002 **Unassigned Fund Balance**

Year Ended June 30, 2020

Summary of Prior Year Finding: ***Avoca Central School District's*** unassigned fund balance as of June 30, 2020 amounted to $2,052,055. This amount constitutes approximately 15% of the 2020-2021 school budget. The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

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

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

A. COMPLIANCE

Year ended June 30, 2020

Single Audit not required as total Federal expenditures did not exceed $750,000.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2020

Single Audit not required as total Federal expenditures did not exceed $750,000.

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BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Certified Public Accountants ▲ Business Advisors

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

Ladies and Gentlemen:

We have completed our audit for the year ended June 30, 2021 of the District's financial statements and have issued our reports thereon dated September 21, 2021. Our audit report expressed an unmodified opinion which states that the District's financial statements are in accordance with generally accepted accounting principles for governments and school districts located in New York State. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by *Government Auditing Standards*.

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

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. ***Avoca Central School District's*** 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
September 21, 2021

GASB 87- Accounting for Leases

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

District response: The District will continue to review all current and future guidance related to the implementation of GASB 87. District representatives will participate in related webinars and training opportunities as they become available.

AVOCA CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUND
FINANCIAL STATEMENT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANT

AVOCA CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND

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

INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash transaction of the Extraclassroom Activity Fund of the ***Avoca Central School District*** for the year ended June 30, 2021 on the basis of accounting described in Note 1.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 21, 2021

Member of American Institute of Certified Public Accountants
Private Companies Practice Section

AVOCA CENTRAL SCHOOL DISTRICT
STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS
JULY 1, 2020 THROUGH JUNE 30, 2021

Extraclassroom activities:	Balances July 1, 2020	Total Receipts	Total Receipts & Balances	Total Payments	Balances June 30, 2021
Art Club	$ 11,392	$ -	$ 11,392	$ 100	$ 11,292
Athletic Club	5,957	2,663	8,620	919	7,701
Cheerleaders	6,787	1,025	7,812	3,486	4,326
Chorus & Co	8,652	-	8,652	810	7,842
Class of 2021	13,981	336	14,317	11,065	3,252
Class of 2022	11,741	9,310	21,051	4,023	17,028
Class of 2023	4,418	3,259	7,677	62	7,615
Class of 2024	-	2,163	2,163	-	2,163
FFA	1,192	200	1,392	-	1,392
Modern Language Club	8,669	-	8,669	-	8,669
Music Guild	279	-	279	100	179
National Junior Honor Society	747	-	747	-	747
SADD	2,448	1,150	3,598	641	2,957
Sales Tax	392	256	648	496	152
Science Club	4,631	-	4,631	-	4,631
Ski Club	199	-	199	-	199
Student Council	6,924	74	6,998	671	6,327
Yearbook	3,473	9,354	12,827	10,450	2,377
Tiger All Nighter	2,015	-	2,015	-	2,015
Total activity fund	$ 93,897	$ 29,790	$ 123,687	$ 32,823	$ 90,864

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Fund are part of the reporting entity of ***Avoca 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 ***Avoca 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.

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BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Certified Public Accountants ▲ Business Advisors

To the President and
Members of the Board of Education
Avoca Central School District
Avoca, New York 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 ***Avoca Central School District*** as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered ***Avoca 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 ***Avoca Central School District'***s internal control. Accordingly, we do not express an opinion on the effectiveness of ***Avoca Central School District***'s internal control.

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

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

Point of Sale Records

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

District's response: The District will continue to emphasize, with the faculty advisors, the need for complete point of sale records for all fundraising events.

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

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 21, 2021

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BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Certified Public Accountants ▲ Business Advisors

September 21, 2021

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

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

Significant Audit Findings

Qualitative Aspects of Accounting Practices

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

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 3IV and the Covid-19 Pandemic in Note 5 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.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 21, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the 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 Avoca 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.