

BOARD MEETING: Regular Meeting
DATE: Wednesday, October 7, 2020
TIME: 6:00 p.m.
PLACE: Naples High School Cafeteria

I. Meeting Called to Order

II. Roll Call

III. Adopt the Agenda of the Regular Meeting of October 7, 2020 (Board Action)

IV. Executive Session (Board Action)

V. Pledge of Allegiance

VI. Public Comments: The Board of Education invites you, the residents of our school community, to feel comfortable in sharing matters of interest or concern that you might have with us. The Board President will be happy to recognize those of you who wish to speak. We would ask that you come forward and please identify yourself before presenting your thoughts.

Those items brought to the attention of the Board during this time may be taken under consideration for future response or action. (*Individual comments will be limited to three minutes.*)

As a matter of courtesy, we ask that issues related to specific School District personnel or students be brought to the attention of the Superintendent of Schools privately. Thank you for this consideration.

Board Reponse: The Board of Education is committed to keeping communication open and transparent. The Board of Education President will be working with the Board and the Superintendent to make every effort to respond to public comments directed to the Board of Education at previous meetings, during the next scheduled meeting.

VII. Points of Interest

VIII. Superintendent Recognitions & Updates

- Claims Auditor Report
- 2019-2020 Independent Auditor's Report
- 2020-2021 NYSSBA Resolutions
- Reopening Report from School Principals Kristina Saucke and Nicole Green
- Athletics Update
- Budget Update

IX. Board Reports

- Facilities Committee
- Policy Committee

X. Minutes

- Regular Meeting of September 16, 2020

XI. 2019-2020 Audit Report (Board Action)

XII. 2021-2022 Budget Timeline (Board Action)

XIII. Contractual Agreement (Board Action)

- NTA Memorandum of Agreement

XIV. SEOR Resolution (Board Action)

XV. Business (Board Action)

- Establish Civil Service position:
 - Licensed Practical Nurse
- NYSSBA Voting Delegate
- NYSSBA Alternate Voting Delegate
- Discards
- Policy Update
- Amend 2020-2021 School Calendar

XVI. Personnel (Board Action)

- Appointments
 - Cleaner
 - Substitute Teachers
 - 2020-2021 Extra-Curricular
- Unpaid Leave of Absence
 - Cleaner
 - Teacher Aide

XVII. Consent Agenda Items (Board Action)

- CSE Recommendations
- Substitutes

XVIII. Adjournment (Board Action)

Minutes of a Regular Meeting of the Board of Education of Naples Central School held on Wednesday, October 7, 2020 at 6:00 p.m. in the Naples High School Cafeteria.

Members Present: Robert Brautigam Kelley Louthan
 Joseph Callaghan Steven Mark
 Carter Chapman: Arrived at 6:01 p.m. Gail Musnicki
 Jacob Hall Maura Sullivan
 Thomas Hawks

Members Absent:

Also Present: Matthew Frahm, Jeffrey Black, Chad Hunt, Kristina A. Saucke, Nicole J. Green, Pamela Claes and Jessie Norton.

Guests: Diann Payne, Evelyn Letta and John McCabe

A quorum being present, the meeting was called to order at 6:00 p.m. by Board President Jacob Hall.

Motion: Kelley Louthan
2nd: Thomas Hawks

Resolved, that the Board of Education approves the agenda of the Regular Meeting of October 7, 2020 as presented.

Voting Yes: 8 Motion Carried
Voting No: 0

Motion: Maura Sullivan
2nd: Gail Musnicki

Resolved, that the Board of Education approves calling an executive session at 6:01 p.m. for the purpose of discussing the employment history of a particular person or persons and to discuss a proposed Naples Teachers' Association Memorandum of Agreement.

Voting Yes: 8 Motion Carried
Voting No: 0

Board Member Carter Chapman arrived at 6:01 p.m.

Time out of Executive Session: 6:35 p.m.

Pledge of Allegiance

Public Comment: None

Superintendent Frahm stated the District is working to improve the sound by setting up a new microphone system for individuals who are attending the meeting via the Zoom link.

Points of Interest:

Board President Jacob Hall stated it was very nice to see some sports last weekend, noting it felt more normal.

Board Member Carter Chapman stated the newspaper ran an article regarding athletes and it raised some concerns as the pictures included in the article showed the boys' soccer team not

wearing masks, however Mr. Chapman noted the pictures published were from last year when masks were not required.

Superintendent Frahm stated one of the challenges with athletics is that the NYS Athletics Association has put out guidelines for the schools to adopt and one of the things we have seen is that there have been differences by the different sections across the state. For example in our section, athletes have to have a face covering on until they cannot tolerate it and then they can pull their face covering down, trusting the athlete to make that decision, noting there are other sections who require masking at all times. Dr. Frahm stated there are times when things really do feel normal but we can't get complacent as things are not normal as we have seen evidenced in different school districts in our area, adding we need to be cautious and diligent.

Dr. Frahm welcomed Elementary Principal Kristina A. Saucke, Secondary Principal Nicole J. Green and guest Diann Payne, stating it was good to see them, noting it had been about seven months, and thanking them for joining the meeting.

Superintendent Frahm welcomed Student Representative Jessie Norton, noting Jessie is a senior and was elected last week as a student representative to the Board of Education, adding they are very happy to have her as the Student Representative. Jessie then signed the official oath of office book.

Superintendent Recognitions and Updates:

Claims Auditor Evelyn Letta presented information on the 1st Quarter Claims Audit Report, noting during the 1st quarter is usually when all of the ordering for the new school year takes place, however the error rate is still under 1%

Kristie Beach of EFPR Group, the District Independent Auditor, presented information on the annual audit which looks at all parts of the organization over an annual period, and noted the District had earned an unmodified rating which is the highest rating you can receive.

Superintendent Frahm noted that the NYS School Boards Association (NYSSBA) Convention will take place virtually this year, adding Steven Mark will be this year's voting delegate to the NYSSBA convention, with Maura Sullivan as the alternate in case Mr. Mark is unable to attend. Dr. Frahm stated NYSSBA puts together a series of resolutions every year for the board delegates to vote on. Board of Education President Jacob Hall presented the NYSSBA resolutions for Board of Education discussion and the board members indicated how they would like the delegates to vote on the various resolutions.

Elementary Principal Kristina A. Saucke and Secondary Principal Nicole J. Green presented a report on the school re-opening; noting the various challenges to re-opening and modifications the District has implemented in order to have in-person instruction as well as remote learning for NCS students. Board discussion followed pertaining to information presented.

Dr. Frahm updated the board on the policy for attendance at athletic events, stating each athlete is allowed to have two guests per game, adding guests have to be masked; maintain social distance; and go through the health check process as well.

School Business Administrator Jeffrey Black presented a Budget Update, noting the District has been completing the audit process and working through the first month of tax collection; adding with the completion of the audit the District has closed out the 2019-20 school year and all of the state reporting should be done by the end of next week.

Dr. Black stated that on the state level they are saying the current crisis will have a greater impact than the recession of 2008, noting the district hopes Federal stimulus money will come to the states soon. School Business Administrator Black noted a state deficit of 14.5 billion dollar deficit is anticipated for this fiscal year and they estimate up to a 62 billion dollar deficit over the next four years due to lost revenue. Dr. Black stated 20% was withheld from the last two school state aid payments received for the 2019-20 school year and the District was told the state would withhold 20% from this year's state aid payments as well, however our 1st state aid payment was fully funded with the caveat that even more could be withheld from future state aid payments.

Dr. Black noted Naples Central School is fortunate to have a fairly healthy fund balance and reserves, adding finances have taken the forefront, noting the state requirements for re-opening have been expensive, at about \$220/student.

Dr. Black noted a state survey was taken asking districts what would happen if state aid were to continue to be decreased by 20%, stating 60% of districts indicated they would have to cut instructional staff and if the cuts were to continue for two years 40% of districts said they would become fiscally insolvent, adding it is a significant concern and the District is trying to reallocate funds and to be very conscious in terms of budgeting. Board discussion followed pertaining to information presented.

Board Reports:

Facilities Committee Report:

1st Vice President Joseph Callaghan presented the Facilities Committee report noting the committee had met with SEI representatives Kurt Vater and Victor Tomaselli noting they had discussed a Capital Outlay Project; the closure of the Capital Project for the Bus Garage; Future outlay project possibilities; COVID Related Storage; and the Bell Tower, noting a hole was found in the copper in the tower; and the SEI update on 2023 capital project planning.

Policy Committee Report:

Board Member Maura Sullivan reported the committee reviewed and recommend policies #6550 Leaves of Absence; #8241 Patriotism, Citizenship and Human Rights Education; #6570 Remote Working; and #7150 Remote Learning for adoption, noting the committee also reviewed policy #3520 Extraordinary Circumstances, stating the committee did not recommend it for adoption as the board had already adopted a similar policy. The Policy Committee also discussed developing a potential policy regarding the recording of lessons, noting the committee recommended the District reach out to Ferrara Fiorenza for a sample policy; and discussed students wearing Confederate Flag shirts, symbols, etc. to school, adding the committee had determined this would be considered disruptive at this point in time and any action would be supported by the language in our current Code of Conduct.

Regular Meeting

October 7, 2020

Motion: Maura Sullivan**2nd: Thomas Hawks**

Resolved, that the Board of Education approves the minutes of the following meetings:

- Regular Meeting of September 16, 2020

Voting Yes: 9 Motion Carried**Voting No: 0****Motion: Steven Mark****2nd: Kelley Louthan**

Resolved, that upon the recommendation of the Board of Education Audit Committee, the Board of Education approves the Draft Independent Auditor's Report for the year ending June 30, 2020.

Voting Yes: 9 Motion Carried**Voting No: 0****Motion: Maura Sullivan****2nd: Thomas Hawks**

Resolved, that upon the recommendation of the Superintendent, the Board of Education approves 2021-2022 Naples Central School District Budget Timeline as presented.

Voting Yes: 9 Motion Carried**Voting No: 0****Motion: Steven Mark****2nd: Kelley Louthan****Resolved, that the Board of Education approves the following Contractual Agreement resolutions as presented:**

- Resolved, that the Naples Central School District Board of Education does hereby approve a Memorandum of Agreement between the Naples Teachers' Association and the Naples Central School District for the purpose of establishing allowing unit members the option of covering the class of a teacher who is absent, in lieu of a planning period.

Voting Yes: 9 Motion Carried**Voting No: 0****Abstain: 0****Motion: Joseph Callaghan****2nd: Kelley Louthan****WHEREAS**, the Board of Education of the Naples Central School District desires to temporarily lease and place four (4) Averdi Storage Containers on District parking site (adjacent to Old Bus Garage (demolished).SED assigned building and project numbers for four (4) **Temporary Storage Containers at the Jr. / Sr. High School Site** as follows:**SED No: 43-12-01-04-8-011-001****SED No: 43-12-01-04-8-012-001****SED No: 43-12-01-04-8-013-001****SED No: 43-12-01-04-8-014-001****WHEREAS**, the work involves leasing and placing four (4) Averdi, temporary storage containers to temporarily hold miscellaneous furniture, equipment, supplies and miscellaneous items as a result of COVID-19 social distancing requirements (the "Project"); and

WHEREAS, the Project is subject to classification under the State Environmental Quality Review Act (SEQRA);

WHEREAS, replacement, rehabilitation or reconstruction of a structure or a facility, in kind on the same site, including upgrading buildings to meet building or fire codes are classified as Type II under the current Department of Environmental Conservation SEQR Regulations (6 NYCRR §617.5(c)(2));

WHEREAS, routine activities such as renovations to, or expansions of existing public school facilities are classified as Type II Actions under the current Department of Environmental Conservation SEQR Regulations (6 NYCRR §617.5(c)(8));

WHEREAS, the SEQR Regulation (6 NYCRR §617.5[a]) declares Type II Actions to be actions that have no significant impact on the environment and require no further review under SEQR; and

WHEREAS, the Board of Education, as lead agency, has determined that this renovation project is classified as a Type II Action pursuant to 6 NYCRR §617.5(c)(1), (2) and (8) of the SEQR Regulations;

NOW, THEREFORE, BE IT RESOLVED that the Board of Education of the Naples Central School District hereby declares itself as "Lead Agency", specifically pursuant to 6 NYCRR §617.6(b), for the proposed Project;

BE IT FURTHER RESOLVED that the Board of Education hereby declares that the Project is a Type II Action, which requires no further review under SEQR; and

BE IT FURTHER RESOLVED, that the Board of Education hereby authorizes the Superintendent of Schools to forward an official copy of this Resolution to the New York State Education Department, if necessary, together with a copy of correspondence to and from the New York State Office of Parks, Recreation and Historic Preservation in connection with its request for approval of the Project from the New York State Education Department.

Voting Yes: 9

Motion Carried

Voting No: 0

Abstain: 0

Motion: Gail Musnicki
2nd: Robert Brautigam

Resolved, that upon the recommendation of the Superintendent, the Naples Central School District Board of Education approves the following Business resolutions as presented:

- Resolved, that the Board of Education authorizes the creation of the following position on the Ontario County Department of Civil Service roster for our District effective October 7, 2020: Licensed Practical Nurse
- Resolved, that Board of Education member Steven Mark is hereby appointed as Voting Delegate for the 2020 NYSSBA Annual Meeting.
- Resolved, that Board of Education member Maura Sullivan is hereby appointed as Voting Delegate Alternate for the 2020 NYSSBA Annual Meeting.
- Resolved that approval be given for the following to be declared surplus property and approval given to discard as per Policy #5250:

Elementary Library Discards: One Copy Each

- | | |
|--|----------------------------------|
| - Creepy Carrots | - Grooming and Stable Management |
| - The Destruction of Pompeii, AD 79 | - Oh, The Places You'll Go! |
| - I Survived the Sinking of the Titanic, 1912 | - Football Jokes |
| - Nubs: The True Story of a Mutt | - The Joplin Tornado |
| - A Coal Miner's Bride: The Diary of Anetka Kaminska | |

Regular Meeting

October 7, 2020

High School Library Discards:

- The River: One Copy

High School Vocal Music Discards:

- 29 VHS Tapes
- Squibb's Grade Book
- Collection of portraits of composers
- 26 General Music Textbooks

- Resolved, that the Board of Education approves the following policy as presented:
 - Policy #6220: Temporary Personnel
- Resolved, that the Board of Education approves the amended 2020-2021 Naples Central School District Calendar as presented. (Calendar Attached)

Voting Yes: 9

Motion Carried

Voting No: 0

Motion: Maura Sullivan**2nd: Gail Musnicki****Resolved, that upon the recommendation of the Superintendent, the Naples Central School District Board of Education approves the following personnel item as presented:**

- Resolved, that upon the recommendation of the Superintendent, the Naples Central School District Board of Education approves the following probationary appointments, pending a successful background clearance report provided to the school as a result of the fingerprinting process:
 - Brett Schutz, 5545 State Route 53, Naples, NY 14512, as a Cleaner, effective October 1, 2020, at the rate of \$11.80/hour.
 - Resolved, that the Board of Education approves the appointment of Erin R. Jensen, as Substitute Health Teacher, effective on or around November 13, 2020 through on or around February 5, 2021 or the return of teacher Alyson Powers plus one day. Salary for the 2020-2021 school year will be Step 1 of the 2020-2021 Distribution Schedule – Bachelors. This appointment is in accordance with and subject to Education Law, the regulations of the Commissioner of Education, and the by-laws of the Board of Education.
 - Resolved, that the Board of Education approves the appointment of Andrew Beigel, as Substitute English Teacher, effective on or around October 29, 2020 through on or around December 3, 2020 or the return of teacher Thomas Mannella plus one day. Salary for the 2020-2021 school year will be Step 1 of the 2020-2021 Distribution Schedule – Bachelors. This appointment is in accordance with and subject to Education Law, the regulations of the Commissioner of Education, and the by-laws of the Board of Education.
- Resolved, that the Board of Education approves the following Extra-Curricular appointments for the 2020-2021 School Year, salary as per negotiated agreement:
 - 7th Grade Class Advisor: Alyson Powers
 - 8th Grade Class Advisor: Colleen Betrus
 - 9th Grade Class Advisor: Shelly Hannacker
 - 10th Grade Class Advisor: Jonathan Betrus
 - 11th Grade Class Advisor: Colleen Betrus
 - Outdoor Adventure Club: Jonathan Betrus
 - Naples Robotics: Patrick Freivald
 - Naples Robotics Tech Support: Adam Robison
 - Naples Robotics Programming Coach: Antone Olney
 - Naples Junior Robotics: Jodie Schwartz
 - Operation Santa: Kelly VandeSande
 - National Honor Society: Lindsey Alongi
 - French Club: Lindsey Alongi
 - Junior High Student Council: Lindsey Alongi
 - Senior High Student Council: William Murphy
 - Environmental Club: Jonathan Betrus – No Stipend
 - High School Library Club: Colleen Betrus – No Stipend
 - NCS Health Club: Alyson Powers – No Stipend
 - One Club: Monica Kastner – No Stipend
 - P.L.A.N.T. Club: Kyle Inda – No Stipend
 - Project Based Learning: Colleen Betrus – No Stipend
 - NCS Baseball Club: Brian Battle – No Stipend

- Resolved, that the Board of Education approves the following requests for unpaid leave of absence:
 - Barbara Welch, Teacher Aide: Unpaid Leave from one hour on October 7, 2020 through November 9, 2020.
 - Stefan Welch, Cleaner: Unpaid Leave from August 31, 2020 through September 27, 2020.

Voting Yes: 9

Motion Carried

Voting No: 0

Motion: Kelley Louthan

2nd: Thomas Hawks

Resolved, that the Board of Education, upon the recommendation of Superintendent Matthew Frahm, approves the Consent Agenda Items as presented:

- Resolved, that the Board of Education accepts the committee recommendations from the following meetings:
 - Committee on Special Education actions of September 24, 2020.
- Resolved, that the Board of Education hereby approves the following Substitute Appointment pending a successful background clearance report provided to the school as a result of the fingerprinting process:

<u>Name</u>	<u>Position</u>	<u>Address</u>
Madison Lewis	Teacher	3265 County Route 36, Wayland, NY 14572
Madison Lewis	Teacher Assistant	3265 County Route 36, Wayland, NY 14572
Christopher Hershey	Cleaner	4945 Knapp Road, Middlesex, NY 14507
Christopher Hershey	Building Maintenance Assistant	4945 Knapp Road, Middlesex, NY 14507

Voting Yes: 9

Motion Carried

Voting No: 0

Motion: Thomas Hawks

2nd: Steven Mark

There being no further business, the Regular Meeting of October 7, 2020 is hereby adjourned at 8:35 p.m.

Voting Yes: 9

Motion Carried

Voting No: 0

Dated this 7th day of October, 2020


 Pamela Jo Claes, District Clerk

Board of Education Auditor Report – October 2020 Board Meeting

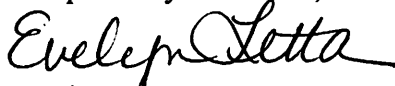
From July 1, 2020 – September 30, 2020 I have approved warrants 0001-0036 and 0039-0043 for a total amount of \$2,199,569.78 for the first quarter of the 2020-2021 fiscal year. The following errors have occurred and were corrected.

1. (2) missing electronic backup paperwork – payroll
2. (2) missing signatures on paperwork

A total of 4 errors from 423 transactions (0.009%)

Payroll Warrants 0032, 0037, 0038 and 0044 have not been received in this quarter to be audited, they will be included in the 2nd quarter report.

Respectfully submitted,


Evelyn Letta



NAPLES
CENTRAL SCHOOL DISTRICT

Naples Central School District

Financial Statement Audit Presentation | For the year ended June 30, 2020

Presented by:

Kristie Beach, CPA, Director



Financial Results

- We issued an unmodified “clean” opinion on the financial statements.
- Difference between Fund Financial Statements and District-Wide Financial Statements
 - The first part of the financial statements is the district-wide financial statements that provide both short-term and long-term information about the District’s overall financial status, which include property, plant and equipment and long-term debt. The second part of the statements is the fund financial statements that focus on individual parts of the District, reporting the District’s operations in more traditional fund detail than the district-wide statements.



Financial Results

- Highlights – District-wide statements

- District-wide Statement of Net Position

- Overall there was an increase in assets and deferred outflows of resources of approximately \$9.6M. Significant changes included an overall increase in cash of \$2.2M due to the state-wide shutdown of all schools related to the COVID pandemic, a \$2.8M increase in capital assets related to additions of \$4M and offset by current year depreciation expense of \$1.3M, as well as changes in actuary assumptions related to GASB 68 (pensions) and GASB 75 (OPEB).
- Overall increase in liabilities and deferred inflows of resources of approximately \$10.1M. Of the total \$57.4M liability balance and \$3.1M deferred inflows of resources balance, \$56.4M is made up of long-term liabilities which major items include serial bonds of \$20.3M, other post-employment health benefits liability of \$30.9M, compensated absences of \$3.3M and the net pension liability for ERS of \$1.5M.
- Decrease in the net position balance by \$509K to a deficit of \$5M at year end. The net position balance includes \$15.2M in net investment in capital assets, \$7.2M in restricted net position and a negative \$27.3M. The net position deficit balance continues to be caused by GASB 68 for pensions and GASB 75 for OPEB which require certain liabilities recorded on the district-wide financial statements.



Financial Results

- Highlights – District-wide statements
 - District-wide Statement of Activities
 - Total revenues increased over the prior year approximately \$520K. The increase is mainly a result of the increase in real property taxes as well as the smart schools bond act funds received in the capital projects fund.
 - Total expenditures have increased over the prior year approximately \$2.3M. This is mostly related to the increase in the OPEB and pension liability increases. In general, the largest expenses to the District continue to be general support, instructional & transportation.



Financial Results

- Highlights – Fund Financial Statements
 - General Fund
 - Statement of revenues, expenditures and changes in fund balances
 - Total revenues = \$20.3M & Total expenditures = \$18.9M
 - Increase in fund balance of \$1.4M
 - Balance Sheet
 - Assets = \$10.1M & Liabilities = \$1.4M
 - Fund Balance = \$8.7M
 - Restricted = \$6.7M – general fund reserves
 - Assigned = \$521K (includes \$436K appropriated next year)
 - Unassigned = \$1.6M



Financial Results

- Highlights – Fund Financial Statements
 - School Lunch Fund
 - Statement of revenues, expenditures and changes in fund balances
 - Total revenues & total expenditures of = \$334K
 - Transfer from the general fund to cover deficit – no change in fund balance.
 - Balance Sheet
 - Assets = \$140K & Liabilities = \$131K
 - Fund Balance = \$9K
 - Special Aid Fund
 - Flow thru of state and federal grant funds



Financial Results

- Highlights – Fund Financial Statements
 - Capital Project Fund
 - Statement of revenues, expenditures and changes in fund balances
 - Total revenues = \$5.6M & Total expenditures = \$3.9M
 - Increase in fund balance of \$1.7M
 - Balance Sheet
 - Assets = \$322K & Liabilities = \$79K
 - Fund Deficit = \$243K
 - Debt Service Fund
 - Statement of revenues, expenditures and changes in fund balances
 - Total revenues = \$476K & Total expenditures = \$624K
 - Decrease in fund balance of \$148K
 - Balance Sheet
 - Assets = \$494K & Liabilities = \$0
 - Fund Balance = \$494K
 - Fiduciary Funds
 - Major items held within are the scholarship funds and extraclassroom funds



Federal Single Audit

- The District did not need a single audit this year - total expenditures of federal awards amounted to \$645K (under the \$750K threshold) – this determination will likely change in the coming year with the CARES act funds.



SAS 115 Letter – Management Letter

- Compliance finding – The District exceeded the NYS required 4% fund balance regulation. Unrestricted general fund balance is 7.44%.
- Other comment – Accounting for Fiduciary Activities – GASB 84.
- Other comment – Accounting for Leases – GASB 87.



Extraclassroom Financial Statements

- Other comment – Missing purchase requisition forms.



Conclusion

Questions?



NAPLES CENTRAL SCHOOL DISTRICT

AUDIT REPORT

**FOR THE YEAR ENDED
JUNE 30, 2020**

**NAPLES CENTRAL SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Naples Central School District
Naples, New York

Report on the Financial Statements

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

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.

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 and budgetary comparison schedule - general fund on page 43, and schedule of changes in the District's total OPEB liability and related ratios on page 44, schedule of District's proportionate share of the net pension assets/liabilities on page 45, and schedule of employers contribution for pensions on page 46, 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 Naples Central School District basic financial statements. The other supplementary information listed on the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2020, on our consideration of the Naples Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of law, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Naples Central School District's internal controls over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Naples Central School District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Rochester, New York
October 7, 2020

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

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

FINANCIAL HIGHLIGHTS

Total district-wide general revenues, excluding charges for service and operating grants for the 2019-2020 year were \$20,057,673, or 94% of all revenues. This amount represents an increase of \$334,053 in general revenues over the 2018-2019 year of \$19,723,620. The 2018-2019 general revenues as a percent of total revenues was 95%. Of the total general revenues, state sources accounted for \$8,023,015, real property tax and real property tax items accounted for \$11,840,664, and other sources accounted for \$193,994 for the 2019-2020 fiscal year ended.

Total district-wide expenses for the 2019-2020 year were \$21,874,993. These expenses were offset by program revenues that included \$111,773 in charges for services and \$1,196,893 in operating grants and contributions. The net cost for governmental activities that was ultimately financed by general revenues was \$20,566,327, which represents an increase of \$2,133,887 from the 2018-2019 year.

During the current fiscal year, the District was able to fund the mandatory contribution to the New York State Employee's Retirement System and Teacher's Retirement System (the "Systems") without the need to finance the payments. The total current year contributions to the systems were \$781,039, which is a decrease of \$90,028, or 10.3%, under the 2018-2019 amount of \$871,067. The District has recorded a net pension liability for ERS of \$1,520,086 and \$387,030 as of June 30, 2020 and 2019, respectively. The District has also recorded a net pension asset for TRS of \$924,278 and \$634,094 as of June 30, 2020 and 2019, respectively.

Total District capital assets - net of depreciation increased by \$2,752,326 to \$35,477,851 in the 2019-2020 year as compared to \$32,725,525 in the 2018-2019 year. Total long-term liabilities increased by \$11,189,756 to \$56,401,406 in the 2019-2020 year from \$45,211,650 in the 2018-2019 year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column. For the fiscal year ended June 30, 2020, all of the District's governmental funds were considered major.

Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

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

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. While this document contains a large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The statement of net position and the statement of activities report information about the District as a whole and about its activities in a manner that helps to answer this question.

These two statements report the District's net position and changes in those assets. The change in net position provides the reader with a tool to assist in determining whether the District's financial health is improving or deteriorating. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, student enrollment growth, required educational programs, and facility conditions in arriving at their conclusion regarding the overall health of the District.

In the statement of net position and the statement of activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to: general support, instruction, pupil transportation, employee benefits, debt interest and the school lunch program. The District does not have any business-type activities.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund Financial Statements

The fund financial statements are on pages 14 through 19 and provide more detailed information about the District's funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by bond covenants. The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants). The emphasis of the fund financial statements is on the major funds. For the 2019-2020 year, the District reports five major funds; the general fund, the school lunch fund, the special aid fund, the capital projects fund and the debt service fund.

In the fund financial statements, capital assets are reported as expenditures in the year of acquisition and therefore no capital assets are reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

Governmental Funds - Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds are reconciled in the basic financial statements. Activities in these funds and reconciliations to district-wide financial statements are reported on pages 14 through 17.

Fiduciary Funds - The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position on pages 18 and 19.

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The statement of net position provides the perspective of the District as a whole.

Table 1

**Condensed Statement of Net Position
June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>	Total Percentage Change %
Assets			
Current assets	\$ 11,608,995	\$ 9,388,329	23.7
Capital assets	<u>35,477,851</u>	<u>32,725,525</u>	8.4
Total assets	<u>47,086,846</u>	<u>42,113,854</u>	11.8
Deferred Outflow of Resources	<u>8,424,352</u>	<u>3,829,906</u>	120.0
Liabilities			
Current liabilities	3,077,041	4,130,351	(25.5)
Long-term liabilities	<u>54,288,563</u>	<u>43,215,527</u>	25.6
Total liabilities	<u>57,365,604</u>	<u>47,345,878</u>	21.2
Deferred Inflows of Resources	<u>3,121,975</u>	<u>3,065,609</u>	1.8
Net Position			
Net investment in capital assets	15,180,246	15,865,592	(4.3)
Restricted	7,157,521	6,467,673	10.7
Unrestricted	<u>(27,314,148)</u>	<u>(26,800,992)</u>	1.9
Total net position	<u>\$ (4,976,381)</u>	<u>\$ (4,467,727)</u>	11.4

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

Table 2

Changes in Net Position from Operating Results
For the Years Ended June 30, 2020 and 2019

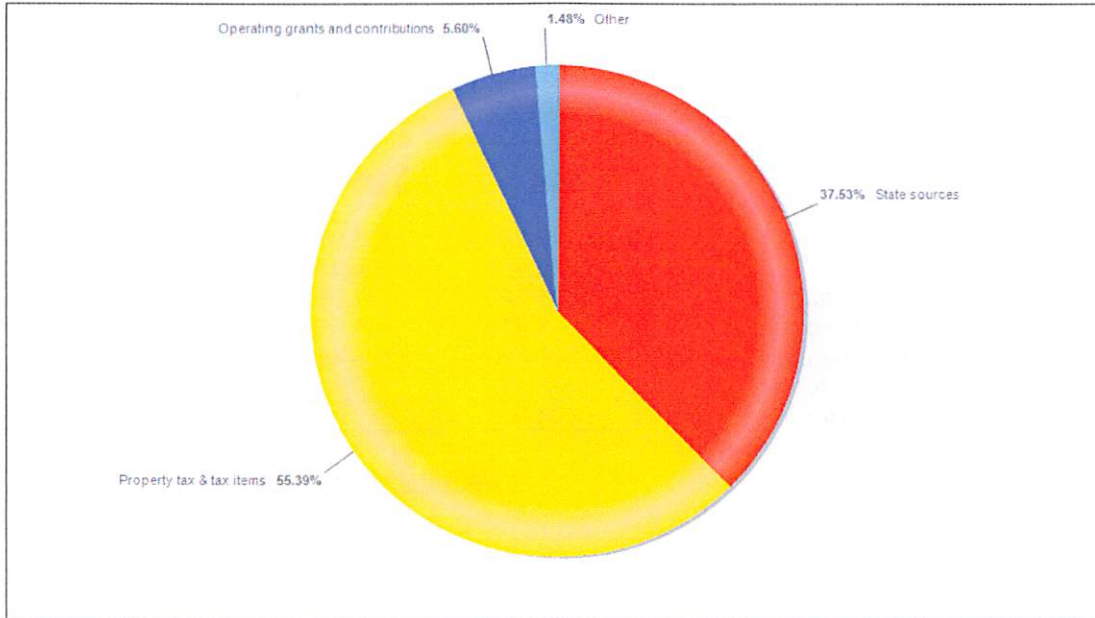
	<u>2020</u>	<u>2019</u>	Total Percentage Change %
Revenues			
Program revenues			
Charges for services	\$ 111,773	\$ 144,377	(22.6)
Operating grants and contributions	<u>1,196,893</u>	<u>978,828</u>	22.3
Total program revenues	<u>1,308,666</u>	<u>1,123,205</u>	16.5
General revenues			
Property taxes	10,806,639	10,427,218	3.6
Other taxes	1,034,025	1,065,978	(3.0)
State sources	8,023,015	7,908,434	1.4
Other	<u>193,994</u>	<u>321,990</u>	(39.8)
Total general revenues	<u>20,057,673</u>	<u>19,723,620</u>	1.7
Total revenues	<u>21,366,339</u>	<u>20,846,825</u>	2.5
Expenses			
General support	3,119,686	2,727,074	14.4
Instructional	16,256,056	14,500,410	12.1
Pupil transportation	1,661,143	1,417,961	17.2
Community services	1,636	2,356	(30.6)
School lunch program	336,790	368,409	(8.6)
Debt service - interest	<u>499,682</u>	<u>539,435</u>	(7.4)
Total expenses	<u>21,874,993</u>	<u>19,555,645</u>	11.9
Change in net position	<u>\$ (508,654)</u>	<u>\$ 1,291,180</u>	(139.4)

The cost of all governmental activities was \$21,874,993 and \$19,555,645 for 2020 and 2019, respectively. However, the amount that taxpayers ultimately financed for these activities through the District real property taxes was \$10,806,639 and \$10,427,218 for 2020 and 2019, respectively.

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

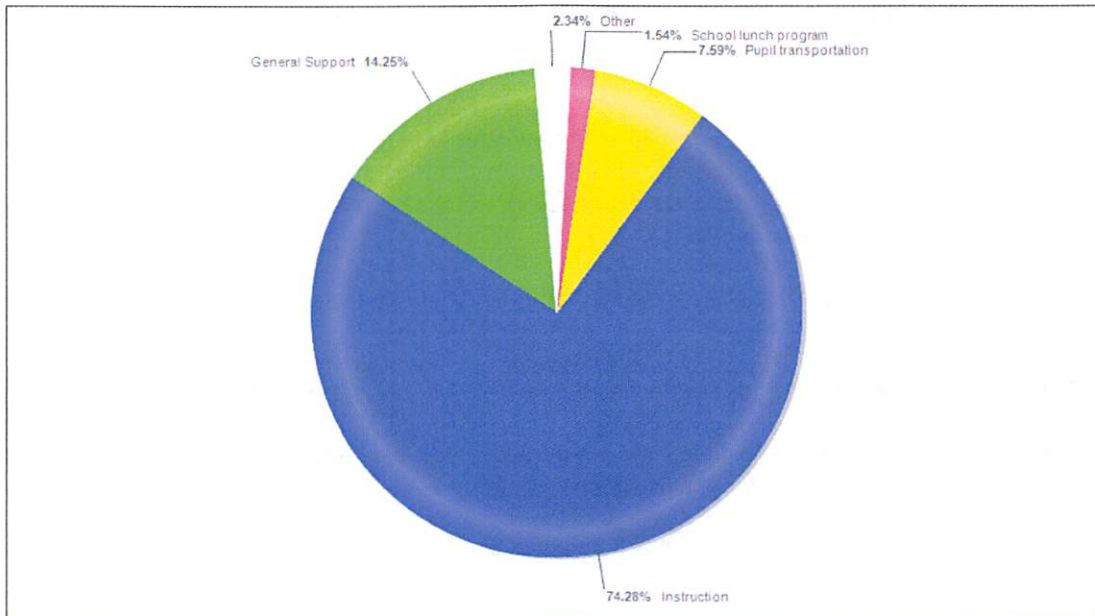
Sources of Revenues for Governmental Activities
Fiscal Year 2020

Table 3



Program Expenses for Governmental Activities
Fiscal Year 2020

Table 4



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

Governmental Activities

In Table 5, we have presented the cost of each of the District's functions and programs, as well as each function's net cost (total cost less revenues generated by the activities). Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 5

	<u>Total Cost of Services</u>		Percentage Change
	<u>2020</u>	<u>2019</u>	<u>%</u>
General support	\$ 3,119,686	\$ 2,727,074	14.4
Instructional	16,256,056	14,500,410	12.1
Pupil transportation	1,661,143	1,417,961	17.2
Community services	1,636	2,356	(30.6)
School lunch program	336,790	368,409	(8.6)
Debt service - interest	<u>499,682</u>	<u>539,435</u>	(7.4)
Total expenses	<u>\$ 21,874,993</u>	<u>\$ 19,555,645</u>	11.9

	<u>Net Cost of Services</u>		Percentage Change
	<u>2020</u>	<u>2019</u>	<u>%</u>
General support	\$ 3,119,686	\$ 2,727,074	14.4
Instructional	15,236,966	13,728,821	11.0
Pupil transportation	1,661,143	1,417,961	17.2
Community services	1,636	2,356	(30.6)
School lunch program	47,214	16,793	181.2
Debt service - interest	<u>499,682</u>	<u>539,435</u>	(7.4)
Total expenses	<u>\$ 20,566,327</u>	<u>\$ 18,432,440</u>	11.6

- **General Support** - Includes expenses of the Board of Education, district offices, contracted professional services, buildings and grounds maintenance, insurance and BOCES administrative/building expenses.
- **Instructional** - Includes curriculum and staff development, school supervision, regular K-12 programs, special education, BOCES vocational education, summer schools, libraries, computer-assisted education, pupil personnel services (counseling, health, psychological, social work), co-curricular activities and interscholastic athletics.
- **Pupil Transportation** - Includes salaries for drivers, mechanics; expenses for the bus fleet, and garage.
- **Community Services** - Includes expenses connected with annual school district census.
- **School Lunch Program** - Includes the preparation, delivery, and servicing of lunches, snacks, and other incidental meals to students and the school staff.
- **Debt Service - Interest** - Includes the transactions associated with the payment of interest and other related charges to debt for improvements to the District.

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

THE SCHOOL DISTRICT'S FUNDS

Fund financial statements are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$27,342,047 and \$22,386,278 and expenditures and other financing uses of \$24,328,287 and \$26,509,604 in 2020 and 2019, respectively. The fund balance in the general fund increased by \$1,435,707 and \$499,119 in 2020 and 2019, respectively. The school lunch fund balance had no change in 2020 and reported a decrease in fund balance of \$5,472 in 2019. The special aid fund balance had no change in 2020 and 2019. The capital projects fund fund balance had an increase in fund balance of \$1,725,719 in 2020 and a decrease of \$4,420,069 in 2019. The debt service fund reported a decrease of \$147,666 and \$196,904 in 2020 and 2019, respectively. Total governmental fund balance increased by \$3,013,760 and decreased by \$4,123,326 for the 2019-2020 fiscal year and 2018-2019 fiscal year, respectively.

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2019-2020 general fund's actual revenue was \$20,300,578. That amount is above the original and final budget estimates of \$20,209,767. The \$90,811 variance between the final amended budget and the June 30, 2020 actual results was due to additional BOCES aid received due to additional aided expenses made late in the 2018-2019 fiscal year. Revenue budget comparisons are shown on page 43.

The 2019-2020 actual expenditures and other financing uses of the general fund were \$18,864,871, which is below the original budget of \$20,699,767 and below the final budget estimate of \$21,271,719. The \$2,406,848 variance between the final amended budget and the June 30, 2020 actual results was due to under expenditures for health insurance benefits partially due to a change in plans for non-instructional employees and determinations to maintain current staffing levels along with personnel departures during the school year. Expenditure budget comparisons are shown on page 43.

The general fund's fund balance increased by \$1,435,707 to \$8,761,636. The District's general fund balance is classified in five categories including nonspendable, restricted, committed, assigned and unassigned. For the fiscal year ended June 30, 2020, the District has \$6,663,399 classified as restricted, \$520,883 as assigned and \$1,577,354 as unassigned. More information regarding the District's specified reserves can be found on pages 26 - 28.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal years 2020 and 2019, the District had \$48,789,523 and \$45,092,749 invested in land, buildings and renovations, buses, and furniture and equipment. Depreciation expense of \$1,267,019 and \$1,103,761 has been recorded in 2020 and 2019. The net book value at June 30, 2020 and 2019 was \$35,477,851 and \$32,725,525, respectively.

Table 6 shows the fiscal 2020 and 2019 balances for the major classes of assets:

Table 6

**Capital Assets (Net of Depreciation)
At June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>	Total Percentage Change %
Land	\$ 75,642	\$ 17,341	336.2
Construction in progress	-	6,332,661	(100.0)
Buildings and improvements	34,131,856	25,100,671	36.0
Furniture and equipment	<u>1,270,353</u>	<u>1,274,852</u>	(0.4)
Total	<u>\$ 35,477,851</u>	<u>\$ 32,725,525</u>	8.4

Additional information on the District's capital assets can be found in Notes 1 and 4 on pages 23 and 29, respectively, of this report. In addition, a schedule of project expenditures can be found on page 50.

Long-Term Debt

At June 30, 2020 and 2019, the District had total long-term obligations of \$56,401,406 and \$45,211,650, respectively.

Table 7

**Outstanding Debt
At June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>	Total Percentage Change %
Bonds payable	\$20,297,605	\$ 16,859,933	20.4
Compensated absences	3,314,013	3,143,747	5.4
Total OPEB liability	30,876,188	24,413,520	26.5
Flex medical reimbursement liability	393,514	407,420	(3.4)
Net pension liability - ERS	<u>1,520,086</u>	<u>387,030</u>	292.8
Total	<u>\$56,401,406</u>	<u>\$ 45,211,650</u>	24.7

The District's bond rating for 2020 and 2019 was AA-.

Additional information on the District's long-term debt can be found in Notes 1 and 5 beginning on pages 23 and 30 of this report.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The general fund budget for the 2020-2021 school year was approved by the voters in the amount of \$21,213,960. This is an increase of 2.5% over the previous year's budget.

The 2020-2021 budget is impacted by certain trends impacting school districts. These include increases in retirement contributions and health insurance costs. COVID-19 has caused unexpected costs which are expected to continue into 2020-2021 school year. The 2019-2020 state aid receivables were subjected to a 20% withholding due to New York State budgetary issues arising from the COVID-19 virus and it is uncertain if the District will collect on those receivables. The amount of 2020-2021 state aid that the District will receive is uncertain and not within the District's control. It is unknown how long the state aid issues will continue.

The New York State Legislature introduced and approved a property tax cap beginning in the 2012-2013 school year. This bill limits tax levy growth to the lesser of two percent or the annual increase in the CPI. Limited exemptions to exceed the levy cap are provided for taxes needed to pay for voter-approved capital expenditures, pension rate increases, court orders and torts over five percent of the prior year's levy. If the tax levy proposed so the voters is within the district's tax levy cap, then a majority vote would be required for approval. If the proposed tax levy exceeds the district's tax levy cap, the threshold required for approval would be 60% of the vote. A school district that does not levy an amount up to the cap in any one year would be allowed to carry over unused tax levy capacity into future years.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the District and its future results and financial position is not presently determinable.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Naples Central Schools
Attn: Matthew Frahm, Superintendent of Schools
136 North Main Street
Naples, New York 14512

NAPLES CENTRAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Cash and cash equivalents - unrestricted	\$ 2,609,685
Other receivables	34,296
State and federal aid receivables	486,482
Due from other governments	335,164
Inventory	18,605
Cash and cash equivalents - restricted	7,151,550
Due from fiduciary funds	48,935
Net pension asset - proportionate share - TRS	924,278
Capital assets	
Capital assets - not depreciated	75,642
Capital assets - net	<u>35,402,209</u>
Total assets	<u>47,086,846</u>
Deferred Outflows of Resources	
Deferred outflows of resources - pensions	4,069,204
Deferred outflows of resources - OPEB	<u>4,355,148</u>
Total deferred outflows of resources	<u>8,424,352</u>
Liabilities	
Accounts payable	264,273
Accrued liabilities	40,072
Other liabilities	2,280
Accrued interest	26,618
Reserve for excess taxes	1,901
Due to teacher's and employee's retirement systems	629,054
Long-term liabilities	
Portion due or payable within one year:	
Bonds payable	1,970,000
Compensated absences	50,349
Flex medical reimbursement liability	92,494
Portion due or payable after one year:	
Bonds payable	18,327,605
Compensated absences	3,263,664
Net pension liability - proportionate share - ERS	1,520,086
Total OPEB liability	30,876,188
Flex medical reimbursement liability	<u>301,020</u>
Total liabilities	<u>57,365,604</u>
Deferred Inflows of Resources	
Deferred revenues	550
Deferred inflows of resources - pensions	1,346,856
Deferred inflows of resources - OPEB	<u>1,774,569</u>
Total deferred inflows of resources	<u>3,121,975</u>
Net Position	
Net investment in capital assets	15,180,246
Restricted for	
Reserve for unemployment insurance	40,324
Reserve for ERS retirement contribution	1,404,673
Reserve for TRS retirement contribution sub fund	238,823
Reserve for property loss and liability	107,030
Reserve for insurance	114,478
Reserve for tax certiorari	193,821
Reserve for employee benefit accrued liability	1,160,767
Reserve for debt	494,122
Reserve for capital - acquisition of transportation vehicles	275,780
Reserve for capital - 2018	3,127,703
Unrestricted	<u>(27,314,148)</u>
Total net position	<u>\$ (4,976,381)</u>

The accompanying notes are an integral part of these financial statements.

NAPLES CENTRAL SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:				
General support	\$ 3,119,686	\$ -	\$ -	\$ (3,119,686)
Instructional	16,256,056	28,300	990,790	(15,236,966)
Pupil transportation	1,661,143	-	-	(1,661,143)
Community services	1,636	-	-	(1,636)
School lunch program	336,790	83,473	206,103	(47,214)
Debt service - interest	499,682	-	-	(499,682)
Total governmental activities	<u>\$ 21,874,993</u>	<u>\$ 111,773</u>	<u>\$ 1,196,893</u>	<u>(20,566,327)</u>
General Revenues				
Real property taxes				10,806,639
Real property tax items				1,034,025
State sources				8,023,015
Use of money and property				9,457
Medicaid reimbursements				49,596
Sale of property and compensation for loss				(45,298)
Miscellaneous local sources				<u>180,239</u>
Total general revenues				<u>20,057,673</u>
Change in Net Position				(508,654)
Net Position - Beginning				<u>(4,467,727)</u>
Net Position - Ending				<u>\$ (4,976,381)</u>

The accompanying notes are an integral part of these financial statements.

NAPLES CENTRAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2020

	<u>Special Revenue Funds</u>					<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>School Lunch Fund</u>	<u>Special Aid Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	
ASSETS						
Assets						
Cash and cash equivalents - unrestricted	\$ 2,105,975	\$ 86,546	\$ 95,095	\$ 322,069	\$ -	\$ 2,609,685
Other receivables	34,223	73	-	-	-	34,296
Due from other funds	862,466	18,404	134,435	-	5,971	1,021,276
State and federal aid receivables	145,257	16,817	324,408	-	-	486,482
Due from other governments	335,164	-	-	-	-	335,164
Inventory	-	18,605	-	-	-	18,605
Cash and cash equivalents - restricted	<u>6,663,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>488,151</u>	<u>7,151,550</u>
Total Assets	\$ 10,146,484	\$ 140,445	\$ 553,938	\$ 322,069	\$ 494,122	\$ 11,657,058
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 234,583	\$ -	\$ -	\$ 29,690	\$ -	\$ 264,273
Accrued liabilities	31,423	8,649	-	-	-	40,072
Compensated absences payable	50,349	-	-	-	-	50,349
Other liabilities	-	-	2,280	-	-	2,280
Due to other funds	249,521	121,840	551,658	49,322	-	972,341
Flex medical reimbursement liability	92,494	-	-	-	-	92,494
Reserve for excess taxes	1,901	-	-	-	-	1,901
Due to teacher's and employee's retirement system	<u>629,054</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>629,054</u>
Total liabilities	<u>1,289,325</u>	<u>130,489</u>	<u>553,938</u>	<u>79,012</u>	<u>-</u>	<u>2,052,764</u>
Deferred Inflows of Resources						
Unearned revenue	<u>95,523</u>	<u>550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,073</u>
Fund Balances						
Nonspendable						
Inventory	-	18,605	-	-	-	18,605
Restricted						
Reserve for unemployment insurance	40,324	-	-	-	-	40,324
Reserve for ERS retirement contribution	1,404,673	-	-	-	-	1,404,673
Reserve for TRS retirement contribution sub fund	238,823	-	-	-	-	238,823
Reserve for property loss and liability	107,030	-	-	-	-	107,030
Reserve for insurance	114,478	-	-	-	-	114,478
Reserve for tax certiorari	193,821	-	-	-	-	193,821
Reserve for employee benefit accrued liability	1,160,767	-	-	-	-	1,160,767
Reserve for debt	-	-	-	-	494,122	494,122
Reserve for capital - acquisition of transportation vehicles	275,780	-	-	-	-	275,780
Reserve for capital - 2018	3,127,703	-	-	-	-	3,127,703
Assigned						
Reserve for encumbrances	84,493	-	-	-	-	84,493
Reserve for capital	-	-	-	243,057	-	243,057
Reserve for subsequent year	436,390	-	-	-	-	436,390
Unassigned	<u>1,577,354</u>	<u>(9,199)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,568,155</u>
Total fund balances	<u>8,761,636</u>	<u>9,406</u>	<u>-</u>	<u>243,057</u>	<u>494,122</u>	<u>9,508,221</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,146,484	\$ 140,445	\$ 553,938	\$ 322,069	\$ 494,122	\$ 11,657,058

The accompanying notes are an integral part of these financial statements.

NAPLES CENTRAL SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2020

Total Governmental Fund Balances \$ 9,508,221

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 in the funds. These assets consist of the following:

Capital assets - not depreciated		
Land	75,642	
Capital assets - depreciable - net	<u>35,402,209</u>	
Total capital assets		35,477,851

State aid in the governmental funds has been deferred as not available. This amount is considered earned in the statement of activities.		95,523
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Some pension and OPEB liabilities and deferred inflows and outflows are not reported in governmental funds. These consist of the following:

Total OPEB liability	(30,876,188)	
Net pension asset - teachers' retirement system	924,278	
Net pension liability - employees' retirement system	(1,520,086)	
Deferred outflows of resources - pensions	4,069,204	
Deferred inflows of resources - pensions	(1,346,856)	
Deferred outflows of resources - OPEB	4,355,148	
Deferred inflows of resources - OPEB	<u>(1,774,569)</u>	
Total liabilities		(26,169,069)

Long-term liabilities that are not due and payable in the current period are not reported in the funds. These consist of the following:

Accrued interest	(26,618)	
Bonds payable	(20,297,605)	
Flex medical reimbursement liability - net	(301,020)	
Compensated absences - net	<u>(3,263,664)</u>	
		<u>(23,888,907)</u>

Net Position of Governmental Activities \$ (4,976,381)

The accompanying notes are an integral part of these financial statements.

NAPLES CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	<u>Special Revenue Funds</u>					Total Governmental Funds
	<u>General Fund</u>	<u>School Lunch Fund</u>	<u>Special Aid Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	
Revenues						
Real property taxes	\$ 10,806,639	\$ -	\$ -	\$ -	\$ -	\$ 10,806,639
Real property tax items	1,034,025	-	-	-	-	1,034,025
Charges for services	28,300	-	-	-	-	28,300
Use of money and property	8,177	31	-	-	1,249	9,457
Sale of property and compensation for loss	11,719	-	-	-	-	11,719
Miscellaneous local sources	179,301	938	-	-	-	180,239
State sources	8,032,821	21,049	154,714	271,069	-	8,479,653
Federal sources	-	199,700	445,032	-	-	644,732
Medicaid reimbursements	49,596	-	-	-	-	49,596
Sales - school lunch	-	83,473	-	-	-	83,473
Total revenues	<u>20,150,578</u>	<u>305,191</u>	<u>599,746</u>	<u>271,069</u>	<u>1,249</u>	<u>21,327,833</u>
Other Financing Sources						
Interfund transfers	150,000	28,757	21,092	519,628	-	719,477
Proceeds of obligations	-	-	-	4,820,000	-	4,820,000
Premiums on obligations	-	-	-	-	474,737	474,737
Total revenues and other financing sources	<u>20,300,578</u>	<u>333,948</u>	<u>620,838</u>	<u>5,610,697</u>	<u>475,986</u>	<u>27,342,047</u>
Expenditures						
General support	2,430,136	-	-	3,008,779	68,652	5,507,567
Instructional	8,799,341	-	620,838	761,571	-	10,181,750
School lunch program	-	274,405	-	-	-	274,405
Pupil transportation	976,691	-	-	114,628	-	1,091,319
Community services	1,636	-	-	-	-	1,636
Employee benefits	4,141,884	59,543	-	-	-	4,201,427
Debt service - principal	1,850,000	-	-	-	-	1,850,000
Debt service - interest	500,706	-	-	-	-	500,706
Total expenditures	<u>18,700,394</u>	<u>333,948</u>	<u>620,838</u>	<u>3,884,978</u>	<u>68,652</u>	<u>23,608,810</u>
Other Financing Uses						
Interfund transfers	164,477	-	-	-	555,000	719,477
Total expenditures and other financing uses	<u>18,864,871</u>	<u>333,948</u>	<u>620,838</u>	<u>3,884,978</u>	<u>623,652</u>	<u>24,328,287</u>
Change in Fund Balance	1,435,707	-	-	1,725,719	(147,666)	3,013,760
Fund Balances - Beginning	<u>7,325,929</u>	<u>9,406</u>	<u>-</u>	<u>(1,482,662)</u>	<u>641,788</u>	<u>6,494,461</u>
Fund Balances - Ending	<u>\$ 8,761,636</u>	<u>\$ 9,406</u>	<u>\$ -</u>	<u>\$ 243,057</u>	<u>\$ 494,122</u>	<u>\$ 9,508,221</u>

The accompanying notes are an integral part of these financial statements.

NAPLES CENTRAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds		\$ 3,013,760
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are the following:		
Capital outlay	\$ 4,076,361	
Depreciation expense	<u>(1,267,019)</u>	
Excess of depreciation over capital outlay		2,809,342
State aid in the governmental funds has been deferred as not available. This amount is considered earned in the statement of activities.		95,523
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current period, these amounts are the following:		
Bond repayments - principal		1,850,000
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. In the current period, these amounts are the following:		
Compensated absences		(164,425)
Total OPEB liability		(6,462,668)
Flex medical reimbursement liability		4,785
Deferred inflows of resources - pensions		(361,776)
Deferred outflows of resources - pensions		282,305
Deferred outflows of resources - OPEB		4,312,140
Deferred inflows of resources - OPEB		305,960
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities.		(4,820,000)
Changes in the proportionate share of net pension asset/liability reported in the statement of activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds:		
Teachers' retirement system		290,185
Employees' retirement system		(1,133,056)
Some items reported as expenditures in governmental funds are required to be deferred in the statements of net position. In the current period those amounts are:		
Other differences		
Accrued interest	(6,041)	
Bond premium proceeds	(474,737)	
Amortization of bond premium	7,065	
Disposition of assets	<u>(57,016)</u>	
Total other differences		<u>(530,729)</u>
Change in Net Position of Governmental Activities		\$ <u>(508,654)</u>

The accompanying notes are an integral part of these financial statements.

NAPLES CENTRAL SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Private- Purpose Trust	Agency Funds
Assets		
Cash and cash equivalents - restricted	\$ 176,955	\$ 237,589
Due from other funds	-	24,601
Total assets	<u>\$ 176,955</u>	<u>\$ 262,190</u>
Liabilities		
Due to other funds	\$ -	\$ 73,536
Extraclassroom balances	-	117,669
Other liabilities	-	70,985
Total liabilities	<u>-</u>	<u>\$ 262,190</u>
Net Position		
Nonspendable - Held in trust for scholarships	<u>176,955</u>	
Total net position	<u>\$ 176,955</u>	

The accompanying notes are an integral part of these financial statements.

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

	Private- Purpose Trust
Additions	
Gifts and donations	\$ 5,745
Interest and earnings	<u>104</u>
Total additions	<u>5,849</u>
Deductions	
Administrative expenses	<u>10,664</u>
Change in Net Position	(4,815)
Net Position - Beginning	<u>181,770</u>
Net Position - Ending	<u>\$ 176,955</u>

The accompanying notes are an integral part of these financial statements.

NAPLES CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The financial statements of Naples Central School District, (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units (hereinafter referred to as generally accepted accounting principals ("GAAP")). The Government Accounting Standards Board ("GASB") is the accepted standard setting body for establishing government accounting and financial reporting principles. The following is a summary of significant accounting policies and reporting practices of the District.

A. Reporting Entity

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *Defining The Financial Reporting Entity*, and Statement No. 61, *The Financial Reporting Entity: Omnibus*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

1. Extra Classroom Activity Funds

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

B. Joint Venture

The District is a component district in the Wayne County Finger Lakes Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

NAPLES CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

C. Basis of Presentation

1. District-Wide Statements

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's 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 for 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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expensed for those areas.

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 funds.

a. Major Governmental

- i. **General Fund** - This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund. The general fund is always reported as a major fund.
 - ii. **School Lunch Fund** - This fund is a special revenue fund that accounts for transactions of the District's lunch, breakfast and milk programs.
 - iii. **Special Aid Fund** - This fund is a special revenue fund that accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes.
 - iv. **Capital Projects Fund** - This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.
 - v. **Debt Service Fund** - This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.
- b. **Fiduciary Fund** - These funds are used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used.

NAPLES CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

1. **Private Purpose Trust Funds** - These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria governs the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.
2. **Agency Funds** - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

D. Measurement Focus and Basis of Accounting

1. Accrual

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

2. Modified Accrual

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

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

3. Use of Estimates

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

4. Cash and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Investments are stated at fair value.

NAPLES CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

5. Accounts Receivable

Accounts receivable are stated at net realizable value. No allowance for uncollectible accounts has been provided due to the fact that management believes that such allowance would not be material.

6. Due To/From Other Governments

The District reports amounts due from other governments, which consisted of funds claimed but not received from various state, federal and other governmental agencies.

7. Inventories and Prepaid Items

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

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

8. Due To/From Other Funds

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

9. Capital Assets

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Donated assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 5,000	20-40 Years
Furniture and equipment	\$ 5,000	5-20 Years

10. Accrued Liabilities and Long-Term Obligations

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

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

NAPLES CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

11. Accounting and Financial Reporting for Pensions

The District complies with GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The primary objective of the Statements is to improve accounting and financial reporting by state and local governments for pensions. The implementation of the Statements requires the District to report as an asset and/or liability for its portion of the collective pension asset and/or liability in the New York State Teachers' and Employees' Retirement Systems. The implementation of the Statements also requires the District to report a deferred outflow and/or inflow for the effect of the net change in the District's proportion of the collective net pension asset and/or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Included as a deferred outflow is the District contributions to the pension systems subsequent to the measurement date. See note 8.

12. Accounting and Financial Reporting for Post Employment Benefits

The District complies with the provisions of GASB Statement No. 75 - "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). See note 9.

13. Vested Employee Benefits

The District employees are provided benefits as follows:

- a. **Vacation and Sick Leave** - The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave. In the governmental fund financial statements only the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.
- b. **Compensated Absences** - Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end. In the fund statements, only the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.
- c. **Retirement** - The District provides retirement benefits for substantially all its regular full-time teachers and employees, and its part-time teachers and employees who elect to participate, through contributions to the New York State Teachers' Retirement System (TRS), and New York State and Local Retirement System (ERS), respectively. The systems provide various plans and options, some of which require employee contributions. The retirement systems compute the cost of retirement benefits based on their respective fiscal years: TRS - July 1st to June 30th, and ERS - April 1st to March 31st.
- d. **Post Employment Benefits** - In addition to providing pension benefits, the District provides health insurance coverage and survivor. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the general fund, in the year paid. See Note 9 for additional information.

NAPLES CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

14. Budgetary Procedures and Budgetary Accounting

The District administration prepares a proposed budget for approval by the Board of Education for the general fund. The voters of the District approved the proposed appropriation budget for the general fund on May 21, 2019.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. The special revenue funds have not been included in the budget and actual comparison because they do not have legally authorized (appropriated) budgets.

15. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense / expenditure) until then. The government has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide statement of net position. This represents the differences between expected and actual experience, changes in assumptions, the changes in proportion and differences between employer contributions and proportionate share of contributions and the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The third represents the difference between actual and expected experience and changes of assumptions and other inputs related to the OPEB liability.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualifies for reporting in the category. The first relates to cash received before the related revenue is earned and is reported as unearned revenue. The second item relates to state aid receivables whose timing of collection is uncertain. State aid has been withheld in the amount of 20% due to state budgetary reductions that have resulted from the COVID-10 virus. This item is deferred in the governmental funds and recognized as revenue in the district-wide statement of activities. The third item is related to pensions reported in the district-wide statement of net position. This represents the differences between expected and actual experience, changes in assumptions, the net difference between projected and actual investment earnings on pension plan investments, the effect of the net change in the District's proportion of the collective net pension liability (TRS and ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The fourth item represents the difference between actual and expected experience and changes in assumptions and other inputs related to the OPEB liability.

16. Restricted Resources

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

NAPLES CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

17. Fund Balance and Net Position

In the district-wide financial statements there are five classification of net position:

- **Nonspendable Fund Balance** - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact.
- **Restricted Fund Balance** - amounts with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments.
- **Committed Fund Balance** - amounts constrained to specific purposes by a government itself, using its highest level of decision making authority. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint. For the purposes of the District, the highest level of decision making authority resides with the Board of Education. The District has no committed fund balance.
- **Assigned Fund Balance** - amounts a government intends to use for a specific purpose. Intent can be expressed by the governing body or by an official or body to which the Board of Education delegates the authority.
- **Unassigned Fund Balance** - amounts that are available for any purpose.

For the classification of governmental fund balances, the District considers an expenditure to be made from the budgetary appropriations first when more than one classification is available. The District establishes and modifies fund balance commitments by a passage of a resolution in meetings of the Board of Education. Assigned fund balance is established by the District through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt service or for other purposes). The District's Purchasing Agent is responsible for all the purchasing activities of the District and encumbrances at year end, which are considered assigned funds and therefore, the purchasing agent is designated as having the authority to assign amounts intended to be used for specific purposes. The Board of Education approves the adoption and amendment of the budget and has the authority of final review of all assignments of fund balance. When resources are available from multiple classifications, the District spends funds in the following order: restricted, committed, assigned, unassigned.

The District has implemented a policy in accordance with Real Property Tax Law §1318 which limits the amount of unexpended surplus funds a school district can retain to no more than 4% of next year's budgetary appropriations. Funds properly retained under other sections of law are excluded from the 4% limitation. Under GASB Statement No. 54 classifications, the 4% limitation is interpreted to be the total of committed, assigned, and unassigned classifications, minus the appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction and encumbrances included in committed and assigned fund balance. For the year ended June 30, 2020, the District was not in compliance with this policy.

The following is a summary of the District's fund balance classifications and categories within those classifications. Restricted and assigned fund balance categories are available to the District. Any capital gains or interest earned on restricted or assigned fund resources becomes part of the respective restricted or assigned fund balance category. While a separate bank account is not necessary for each restricted or assigned fund, a separate identity for each reserve fund must be maintained.

A. Nonspendable

1. **Reserve for Inventory** - Reserve for Inventory is used to restrict that portion of fund balance, which is not available for appropriation. These reserves are accounted for in the school lunch fund. The balance at June 30, 2020 is \$18,605.

NAPLES CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

B. Restricted

1. Unemployment Insurance Reserve - Unemployment Insurance Reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the general fund. The balance at June 30, 2020 is \$40,324.

2. Retirement Contribution Reserve - Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing contributions to the New York State Teacher's Retirement System and Local Employee's Retirement System (ERS). The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the reserve must be provided to the Board. This reserve is accounted for in the general fund. The balance at June 30, 2020 is \$1,404,673.

a. Reserve for Teacher Retirement System - TRS reserve is used for the purpose of financing retirement contributions to the New York State Teacher's Retirement System. In 2019, the General Municipal Law (GML §6-r) was amended to permit school districts to finance retirement contributions to the TRS. The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the reserve must be provided to the Board. The reserve is accounted for in the general fund as a subfund of the reserve for retirement contribution. The balance at June 30, 2020 is \$238,823.

3. Property Loss Reserve and Liability Reserve - Property Loss Reserve and Liability Reserve (Education Law §1709(8)(c)) are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000. These reserves are accounted for in the general fund. The balance at June 30, 2020 is \$107,030.

4. Insurance Reserve - Insurance Reserve is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the general fund. The balance at June 30, 2020 is \$114,478.

5. Tax Certiorari Reserve - Tax Certiorari Reserve (Education Law §3651.1-a) 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 amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the general fund. The balance at June 30, 2020 is \$193,821.

NAPLES CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

5. Employee Benefit Accrued Liability Reserve - Employee Benefit Accrued Liability Reserve (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund. The balance at June 30, 2020 is \$1,160,767.

6. Debt Reserve - Mandatory Reserve for Debt Service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the debt service fund. The balance at June 30, 2020 is \$494,122.

7. Capital Reserve - Capital Reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. These reserves are accounted for in the general fund. The balance at June 30, 2020 in the capital - acquisition of transportation vehicles is \$275,780 and in the capital - 2018 is \$3,127,703.

C. Assigned

1. Reserve for Encumbrances - Reserve for encumbrances represents the amount of outstanding encumbrances at the end of the fiscal year. Encumbrance accounting, under which purchase orders, contracts or other commitments for the expenditures of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the general, District-wide capital improvement project and non-major funds. Encumbrances are reported as reservations of fund balance since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred. The balance at June 30, 2020 is \$84,493.

2. Reserve for Capital - Reserve for capital projects represents the remaining assigned portion of fund balance in the capital projects fund. The reserve is accounted for in the capital projects fund. The balance at June 30, 2020 is \$243,057.

3. Reserve for Subsequent Year - Reserve for subsequent year represents the estimated fund balance that is appropriated into the adopted budget. The balance at June 30, 2020 is \$436,390.

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 21, 2019. Taxes are collected during the period September 1 through October 31, 2019. Uncollected real property taxes are subsequently enforced by the Counties of Livingston, Ontario, Steuben and Yates. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1st.

NAPLES CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

Note 2. Cash and Investments

The District's investment policies are governed by State statutes. In addition, the District has its own written investment policy. The 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 deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for 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. Deposits and investments at year-end were entirely covered by Federal Deposit Insurance or by collateral held by the District's custodial bank in the District's name. These deposits consisted of:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash and cash equivalents	\$ <u>10,175,779</u>	\$ <u>10,465,476</u>
Collateralized amounts Covered by FDIC insurance		\$ 10,215,476 <u>250,000</u>
Total deposits		\$ <u>10,465,476</u>

Note 3. Participation in BOCES

During the year, the District was billed \$2,279,625 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$535,712. Financial statements for the Ontario, Seneca, Yates, Cayuga and Wayne County Finger Lakes BOCES are available from the BOCES administrative office at 131 Drumlin Court, Newark, New York 14513-1863.

Note 4. Capital Assets

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Depreciated				
Land	\$ 17,341	\$ 58,301	\$ -	\$ 75,642
Construction in progress	<u>6,332,661</u>	<u>3,770,349</u>	<u>(10,103,010)</u>	<u>-</u>
Total capital assets not depreciated	<u>6,350,002</u>	<u>3,828,650</u>	<u>(10,103,010)</u>	<u>75,642</u>
Capital Assets Depreciated				
Buildings and improvements	35,852,078	10,044,709	(118,589)	45,778,198
Furniture and equipment	<u>2,890,669</u>	<u>306,012</u>	<u>(260,998)</u>	<u>2,935,683</u>
Total capital assets depreciated	<u>38,742,747</u>	<u>10,350,721</u>	<u>(379,587)</u>	<u>48,713,881</u>
Less, Accumulated Depreciation				
Buildings and improvements	10,751,407	988,947	(94,012)	11,646,342
Furniture and equipment	<u>1,615,817</u>	<u>278,072</u>	<u>(228,559)</u>	<u>1,665,330</u>
Total accumulated depreciation	<u>12,367,224</u>	<u>1,267,019</u>	<u>(322,571)</u>	<u>13,311,672</u>
Total capital assets depreciated - net	<u>26,375,523</u>	<u>9,083,702</u>	<u>(57,016)</u>	<u>35,402,209</u>
Governmental Activities Capital Assets - Net	<u>\$32,725,525</u>	<u>\$ 12,912,352</u>	<u>\$(10,160,026)</u>	<u>\$ 35,477,851</u>

NAPLES CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General government support	\$ 7,269
Instruction	1,002,096
Pupil transportation	254,812
School lunch	<u>2,842</u>
Total depreciation expense	<u>\$ 1,267,019</u>

Note 5. Indebtedness

A. Long-Term Debt

Serial Bonds/Statutory Installment Bonds

The District borrows money in order to acquire land, high cost equipment, construct buildings and perform improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the District, are recorded in the District-wide financial statements (statement of net position).

The District had the following serial bonds outstanding as of June 30, 2020:

<u>Purpose</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Serial Bonds, Series 2009	06/2024	2.50-4.00%	\$ 2,235,000	\$ -	\$ 445,000	\$ 1,790,000
Serial Bonds, Series 2013	06/2029	2.00-3.50%	3,370,000	-	310,000	3,060,000
Serial Bonds, Series 2014	06/2029	2.00-3.00%	11,045,000	-	980,000	10,065,000
Statutory Installment Bonds, 2015	06/2020	1.20-2.00%	60,000	-	60,000	-
Statutory Installment Bonds, 2016	06/2021	1.75-1.88%	110,000	-	55,000	55,000
Serial Bonds, Series 2020	06/2050	3.05%	-	4,820,000	-	4,820,000
Plus, premiums on serial bond			<u>39,933</u>	<u>474,737</u>	<u>7,065</u>	<u>507,605</u>
Total bonds			<u>\$16,859,933</u>	<u>\$ 5,294,737</u>	<u>\$ 1,857,065</u>	<u>\$20,297,605</u>

The original issue premiums on bonds have been deferred and recorded as a liability on the district-wide financial statements. The premiums are being amortized using the straight-line method over the remaining time to maturity of the bonds. The current year amortization is recorded as a reduction to interest expense on the statement of activities.

Upon default of the payment of principal or interest on the serial bonds of the District, the bondholders have the right to litigate and the New York State Comptroller is required under the conditions and to the extent prescribed by Section 99-b of the New York State Finance Law, to withhold state aid and assistance to the District, and to apply the amount so withheld to the payment of defaulted principal and interest with respect to the serial bonds. The above serial bonds are direct obligations of the District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the District.

Interest Expense

Interest on long-term debt for the year amounted to:

Interest paid	\$ 500,706
Less: interest accrued in the prior year	(20,577)
Less: amortization of premium on serial bond	(7,065)
Add: interest accrued in the current year	<u>26,618</u>
Total interest expense	<u>\$ 499,682</u>

NAPLES CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

B. Changes in Long-Term Obligations

The changes in the District's long-term obligations during the year ended June 30, 2020 are summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds payable	\$ 16,859,933	\$ 5,294,737	\$ 1,857,065	\$ 20,297,605	\$ 1,970,000
Compensated absences	3,143,747	170,266	-	3,314,013	50,349
Total OPEB liability	24,413,520	6,462,668	-	30,876,188	-
Flex medical reimbursement liability	407,420	-	13,906	393,514	92,494
Net pension liability - ERS	<u>387,030</u>	<u>1,133,056</u>	<u>-</u>	<u>1,520,086</u>	<u>-</u>
Total	<u>\$ 45,211,650</u>	<u>\$ 13,060,727</u>	<u>\$ 1,870,971</u>	<u>\$ 56,401,406</u>	<u>\$ 2,112,843</u>

C. Maturity

The following is the amortization schedule for the long-term liability resulting from bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
2021	\$ 1,970,000	\$ 705,605	\$ 17,820,000
2022	2,045,000	588,201	15,775,000
2023	2,105,000	524,388	13,670,000
2024	2,020,000	457,413	11,650,000
2025	1,645,000	392,938	10,005,000
2026 - 2030	6,845,000	1,150,138	3,160,000
2031 - 2035	815,000	505,500	2,345,000
2036 - 2040	890,000	307,200	1,455,000
2041 - 2045	735,000	174,000	720,000
2046 - 2050	<u>720,000</u>	<u>65,250</u>	<u>-</u>
Total	<u>\$ 19,790,000</u>	<u>\$ 4,870,633</u>	

Note 6. Interfund Balances and Activity

Interfund receivables and payables at June 30, 2020 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 862,466	\$ 249,521
School lunch fund	18,404	121,840
Special aid fund	134,435	551,658
Capital projects fund	-	49,322
Debt service fund	<u>5,971</u>	<u>-</u>
Subtotal	1,021,276	972,341
Agency funds	<u>24,601</u>	<u>73,536</u>
Total	<u>\$ 1,045,877</u>	<u>\$ 1,045,877</u>

NAPLES CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

Interfund receivables and payables, other than between governmental activities and fiduciary activities are eliminated on the statement of net position. Intergovernmental receivables between governmental and fiduciary activities are listed as due from external parties.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are expected to be repaid within one year.

Note 7. Interfund Transfers

Interfund transfers for the year ending June 30, 2020 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 150,000	\$ 164,477
School lunch fund	28,757	-
Special aid fund	21,092	-
Capital projects fund	519,628	-
Debt service fund	-	555,000
Total	<u>\$ 719,477</u>	<u>\$ 719,477</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) move residual cash from closed projects to debt service to be used for debt payments at a later date.

Note 8. Pension Plans

A. General Information

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

B. Plan Descriptions

Teachers' Retirement System (TRS)

NYSTRS provides retirement, disability, withdrawal and death 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. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Employees' Retirement System (ERS)

NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute, and benefits to employees. NYSERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York, 12244.

NAPLES CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

C. Funding Policies

The Systems are noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% to 3.5% of their salary. With the exception of ERS tier V and VI employees, employees in the system more than ten years are no longer required to contribute. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
2020	\$ 241,857	\$ 539,182	\$ 781,039
2019	\$ 240,421	\$ 630,646	\$ 871,067
2018	\$ 263,841	\$ 559,770	\$ 823,611

The total unpaid liability for NYSERS and NYSTRS was \$629,054.

Teachers' Retirement System (TRS)

The District recognized its proportion of the TRS net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense as of June 30, 2020. The TRS total pension asset was determined by actuarial valuations as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The proportion allocation method utilized by TRS was the percentage of each employers fiscal year 2019 contribution to the total contributions to the plan.

The District's proportionate share of the pension asset of the TRS Plan represents 0.035576% of the total net pension asset, which was a increase of 0.000509 from its proportion as of June 30, 2019. The District has recorded a net pension asset of \$924,278 as of June 30, 2020. The District has recorded its proportionate share of pension plan expense of \$1,153,130 as of June 30, 2020.

Actuarial Assumptions

Significant actuarial assumptions used in the TRS valuation were as follows:

Rate of return on investments	7.10% compounded annually, net of pension investment expense, including inflation
Salary increases	Rates of increase differ based on age and gender and are projected between 1.90% - 4.72%
Inflation	2.20%
Decrement tables	Society of Actuaries Scale MP 2018 July 1, 2009 - June 30, 2014 System's Experience

NAPLES CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

Expected rate of return on investments

The long-term expected rate of return on the TRS investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of the June 30, 2019 actuarial valuation are summarized in the following table:

<u>Asset Type</u>	<u>Long Term Expected Real Rate*</u>	<u>Target Allocation</u>
Domestic equity	6.3 %	33.0 %
International equity	7.8	16.0
Real estate equity	4.6	11.0
Global equity	7.2	4.0
Private equity	9.9	8.0
Domestic fixed income	1.3	16.0
Global bonds	0.9	2.0
High-yield bonds	3.6	1.0
Real estate debt	2.9	7.0
Private debt	6.5	1.0
Cash equivalents	0.3	1.0
		<u>100.0 %</u>

* Real rates of return are net of a long-term inflation assumption of 2.2%.

Discount Rate

The discount rate used to measure the TRS total pension liability as of June 30, 2020 was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and non-active plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension asset to changes in the discount rate assumption

The following presents the District's proportionate share of the net pension asset of the TRS plan, calculated as of the measurement date of June 30, 2019 using the discount rate of 7.10%, per annum (the "current rate"). The table shows what the net pension asset would be if it were calculated using a discount rate that is 1% point lower (6.10%), or 1% point higher (8.10%) than the current rate:

	<u>1% Decrease (6.10%)</u>	<u>Current Discount (7.10%)</u>	<u>1% Increase (8.10%)</u>
Naples Central School District's proportionate share of the TRS net pension asset (liability)	\$ (4,172,094)	\$ 924,278	\$ 5,199,559

NAPLES CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to the TRS pension from the following sources:

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 626,360	\$ 68,731
Changes in assumptions	1,746,085	425,745
Net difference between projected and actual investment earnings on pension plan investments	-	741,223
Changes in proportion and differences between employer contributions and proportionate share of contributions	114,985	72,022
Employer contributions subsequent to the measurement date	<u>539,182</u>	<u>-</u>
Total	<u>\$ 3,026,612</u>	<u>\$ 1,307,721</u>

The components of deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual earnings on plan investments, are amortized into pension expense over a 5 year closed period, which reflects the weighted average remaining service life of all plan members, beginning the year in which the deferred amount occurs. The annual difference of the projected and actual earnings on plan investments is amortized over a five-year closed period beginning the year in which the difference occurs. The cumulative amounts of deferred outflows of resources and deferred inflows of resources reported will be recognized in pension expense as follows:

For the fiscal year ended:

	TRS
2020	\$ 428,258
2021	36,634
2022	426,742
2023	279,995
2024	42,636
Thereafter	<u>(34,556)</u>
Total	<u>\$ 1,179,709</u>

Pension Plan Fiduciary Net Position

The components of the current year net pension asset of the employers as of June 30, 2019 were as follows:

	TRS 6/30/2019
Valuation date	
Employers' total pension liability	\$ 119,879,473,882
Plan net position	<u>(122,477,480,654)</u>
Employers' net pension asset (liability)	<u>\$ 2,598,006,772</u>
 Ratio of plan net position to the employers' total pension asset	 102.20 %

NAPLES CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

Employees' Retirement System (ERS)

The District recognized its proportion of the ERS net pension liability, deferred outflows of resources, and pension expense as of June 30, 2020. The ERS total pension liability was determined by actuarial valuations as of April 1, 2019 and rolled forward to the measurement date of March 31, 2020. The proportion allocation method utilized by ERS was the percentage of each employers fiscal year 2019 contribution to the total contributions to the plan.

The District's proportionate share of the pension liability of the ERS Plan represents 0.0057404% of the total net pension liability, which was a increase of 0.000278 from its proportion as of June 30, 2019. The District has recorded a net pension liability of \$1,520,086 as of June 30, 2020. The District has recorded its proportionate share of pension plan expenses of \$553,499 as of June 30, 2020.

Actuarial Assumptions

Significant actuarial assumptions used in the April 1, 2019 ERS valuation were as follows:

Rate of return on investments	6.8% compounded annually, net of investment expenses
Salary scale	4.2% average
Inflation	2.5%
Decrement table	Society of Actuaries Scale MP-2018 April 1, 2010 - March 31, 2015, System's Experience

Expected rate of return on investments

The long-term expected rate of return on the ERS investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of the April 1, 2019 actuarial valuation are summarized in the following table:

<u>Asset Type</u>	<u>Long Term Expected Real Rate*</u>	<u>Target Allocation</u>
Domestic equity	4.1 %	36.0 %
International equity	6.2	14.0
Private equity	6.8	10.0
Real estate	5.0	10.0
Absolute return strategies (1)	3.3	2.0
Opportunistic portfolio	4.7	3.0
Real assets	6.0	3.0
Bonds and mortgages	0.8	17.0
Cash	-	1.0
Inflation-indexed bonds	0.5	4.0
		<u>100.0 %</u>

* The real rate of return is net of the long-term inflation assumption of 2.50%.

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

Discount Rate

The discount rate used to measure the ERS total pension liability as of June 30, 2020 was 6.8%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the plan's fiduciary net position was projected to be

NAPLES CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate assumption

The following presents the District's proportionate share of the net pension liability of the ERS plan, calculated as of the measurement date of March 31, 2020 using the discount rate of 6.8% per annum (the "current rate"). The table shows what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (5.8%), or 1% point higher (7.8%) than the current rate.

	1% Decrease <u>(5.8%)</u>	Current Discount <u>(6.8%)</u>	1% Increase <u>(7.8%)</u>
Naples Central School District's proportionate share of the ERS net pension asset (liability)	\$ (2,789,788)	\$ (1,520,086)	\$ 350,686

At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to the ERS pension from the following sources:

	ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 89,463	\$ -
Changes in assumptions	30,607	26,429
Net difference between projected and actual investment earnings on pension plan investments	779,270	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	86,326	12,706
Employer contributions subsequent to the measurement date	<u>56,926</u>	<u>-</u>
Total	<u>\$ 1,042,592</u>	<u>\$ 39,135</u>

The components of deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual earnings on plan investments, are amortized into pension expense over a 5 year closed period, which reflects the weighted average remaining service life of all plan members, beginning the year in which the deferred amount occurs. The annual difference between the projected and actual earnings on plan investments is amortized over a five-year closed period beginning the year in which the difference occurs. The cumulative amounts of deferred outflows of resources and deferred inflows of resources reported will be recognized in pension expense as follows:

For the fiscal year ended:

	<u>ERS</u>
2021	\$ 178,891
2022	243,383
2023	290,398
2024	233,859
2025	-
Thereafter	<u>-</u>
Total	<u>\$ 946,531</u>

NAPLES CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

Pension Plan Fiduciary Net Position

The components of the current year net pension liability of the employers as of March 31, 2020 were as follows:

		<u>ERS</u>
Valuation date		4/1/2019
Employers' total pension liability	\$	194,596,261,000
Plan net position		<u>(168,115,682,000)</u>
Employers' net pension liability	\$	<u>26,480,579,000</u>
Ratio of plan net position to the employers' total pension liability		86.39 %

Note 9. Post Employment Healthcare Plan

Plan Description and Benefits - The District administers a Post-retirement Healthcare Benefits Program (the "Plan") as a single-employer defined benefit plan. The District provides medical and dental benefits to retired employees and their eligible dependents. The benefits provided to employees upon retirement are based on provisions in various contracts that the District has in place with different classifications of employees.

The District acquires health insurance through a consortium known as the Finger Lakes Area School Health Plan (FLASHP). Benefits provided by FLASHP are administered by Excellus BlueCross BlueShield and MVP. The FLASHP plan covers medical, dental, and pharmaceutical costs. Health Economies covers dental costs for eligible bargaining units. Specifics and limitations of the coverage offered to retirees is contained in the plan document. Many of the services in the FLASHP plan require co-payments at various levels depending on the nature of the service.

Employees Covered by Benefit Terms -

Participant Data		
Active		171
Retirees		93
Beneficiaries		7
Spouses of Retirees		<u>16</u>
Total		<u>287</u>

Total OPEB Liability - The District's total OPEB liability of \$30,876,188 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2018.

Actuarial Methods and Assumptions - The method used to calculate the costs of the Plan is known as the Entry Age Normal, Level Percent of Salary. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.21%
Salary increases including inflation	2.60%
Healthcare cost trend rate	6.10% - 4.10% over 57 years

The discount rate was based on the bond buyer general obligation 20-bond municipal index.

Mortality rates were based on the SOA RP-2014 adjusted to 2006 total dataset mortality table projected to the valuation date with Scale MP-2018.

NAPLES CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

The following table shows the changes to the total OPEB liability:

Total OPEB liability as of July 1, 2019	\$ 24,413,520
Changes for the year:	
Service cost	1,219,225
Interest on total OPEB liability	885,723
Effect of assumptions changes or inputs	5,016,111
Benefit payments	<u>(658,391)</u>
Net changes	<u>6,462,668</u>
Total OPEB liability as of June 30, 2020	<u>\$ 30,876,188</u>

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the District's OPEB liability calculated using the discount rate of 2.21% per annum (the "current rate"), as well as what the District's OPEB liability would be if it were calculated using a discount rate that is 1% point lower (1.21%) or 1% point higher (3.21%) than the current rate:

	<u>1% Decrease</u> <u>(1.21%)</u>	<u>Current</u> <u>Assumption</u> <u>(2.21%)</u>	<u>1% Increase</u> <u>(3.21%)</u>
Total OPEB Liability	\$ 36,562,671	\$ 30,876,188	\$ 26,337,804

Sensitivity of the total OPEB liability in the Healthcare Cost Trend Rates

The following presents the District's OPEB liability calculated using the healthcare cost trend rate, as well as what the District's OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% point lower or 1% point higher than the current rate:

	<u>1% Decrease</u>	<u>Current</u> <u>Assumption</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 25,125,692	\$ 30,876,188	\$ 38,470,148

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$2,502,959. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between actual and expected experience	\$ 35,719	\$ 661,199
Changes of assumptions or other inputs	<u>4,319,429</u>	<u>1,113,370</u>
Total	<u>\$ 4,355,148</u>	<u>\$ 1,774,569</u>

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

For the fiscal year ended:	
2021	\$ 398,011
2022	398,011
2023	398,011
2024	398,011
2025	397,285
Thereafter	<u>591,250</u>
Total	<u>\$ 2,580,579</u>

NAPLES CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

Note 10. Risk Management

A. General Information

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

B. Workers' Compensation

The District incurs costs related to the Wayne-Finger Lakes Area School Workers' Compensation Plan (Plan) sponsored by the Board of Cooperative Educational Services, of Ontario, Seneca, Yates, Cayuga and Wayne Counties and its component districts. The Plan's objectives are to furnish workers' compensation benefits to participating districts at a significant cost savings. Membership in the Plan may be offered to any component district of the Ontario, Seneca, Yates, Cayuga and Wayne Counties BOCES with the approval of the Board of Directors. Voluntary withdrawal from the Plan may be effective only once annually on the last day of the Plan year as may be established by the Board of Directors. Notice of the Intention to withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than one year prior to the end of the Plan year.

Plan membership is currently comprised of thirteen districts. If a surplus of participants' assessments exist after the close of a Plan year, the Board may retain from such surplus an amount sufficient to establish and maintain a claim contingency fund. Surplus funds in excess of the amount transferred to or included in such contingency fund shall be applied in reduction of the next annual assessment or to the billing of Plan participants. All monies paid to the Treasurer by participants shall be commingled and administered as a common fund. No refunds shall be made to a participant and no assessments shall be charged to a participant other than the annual assessment. However, if it appears to the Board of Directors that the liabilities of the Plan will exceed its cash assets, after taking into account any "excess insurance", the Board shall determine the amount needed to meet such deficiency and shall assess such amounts against all participants pro-rata per enrollee.

The Plan purchases, on an annual basis, stop-loss insurance to limit its exposure for claims paid. The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2020, the Naples Central School District incurred premiums or contribution expenditures totaling \$53,472.

The Plan is audited on an annual basis and the Plan's financial statements are available at the BOCES administrative offices.

C. Unemployment

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The 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. The District has established a self insurance fund to pay these claims. There were no claims and judgment expenditures of this program for the 2019-2020 fiscal year. The balance of the fund at June 30, 2020 was \$40,324 and is recorded in the general fund as an unemployment insurance reserve. In addition, as of June 30, 2020, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

NAPLES CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

Note 11. Federal and State Funded Programs

The District participates in a number of Federal and New York State grant and assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Note 12. Tax Abatements

As of June 30, 2020, tax abatement programs include abatements on property taxes. All property tax abatements are performed through Payment In Lieu of Tax (PILOT) agreements made by various Towns. The PILOT agreements are made to support electric, manufacturing, and recreation. Total taxes abated by the towns in each of these categories for the fiscal year ended June 30, 2020 are as follows:

Electric	\$	119,877
Manufacturing	\$	10,822
Recreation	\$	801

Note 13. Future Implementations of GASB Pronouncements

The Governmental Accounting Standards Board has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

GASB has issued Statement No. 84 - *Fiduciary Activities*. Effective for fiscal years beginning after December 15, 2019.

GASB has issued Statement No. 87 - *Leases*. Effective for fiscal years beginning after June 15, 2021.

Statement No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*. Effective for fiscal years beginning after December 15, 2020.

Statement No. 90 - *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. Effective for fiscal years beginning after December 15, 2019.

Statement No. 91 - *Conduit Debt Obligations*. Effective for fiscal years beginning after December 15, 2021.

Statement No. 92 - *Omnibus 2020*. Effective for fiscal years beginning after June 15, 2021.

Statement No. 93 - *Replacement of Interbank Offered Rates*. Effective for fiscal years beginning June 15, 2021.

Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Effective for fiscal years beginning June 15, 2022.

Statement No. 96 - *Subscription-Based Information Technology Arrangements*. Effective for fiscal years beginning June 1, 2022.

Statement No. 97 - *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Effective for fiscal years beginning after June 15, 2021.

NAPLES CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

Note 14. Deferred State Aid

On August 13, 2020, Division of the Budget (DOB) issued the State FY 2021 First Quarterly State Budget Financial Plan Update which notes that DOB began withholding 20% of most local aid payments in June 2020, and that all or a portion of these withholds may be converted to permanent reductions, depending on the size and timing of new Federal aid, if any.

In July 2020, DOB began approving General Support for Public Schools (GSPS) payments to school districts (including 3609-a General Aid, 3609-b Excess Cost Aid, and 3609-d BOCES Aid payments) at 80% of the otherwise scheduled amounts.

DOB's Updated Financial Plan includes \$8.2 billion in recurring local aid reductions, and states that the earliest DOB expects to transmit a detailed aid-to-localities reduction plan to the Legislature is late in the second quarter of the State's FY 2021, and that, in the absence of unrestricted Federal aid, DOB will continue to withhold a range of payments through the second quarter of the State's FY 2021.

As a result, 20% of state aid receivable at June 30, 2020 for remaining payments to be received for the year then ended have been deferred in the balance sheet – governmental funds and the statement of revenue, expenditures and changed in fund balances – governmental funds, amounting to \$95,523. This amount has been included in revenue in the statement of activities – governmental activities for the year ended June 30, 2020. At such time as these reductions may be determined to be permanent, they will be reversed.

Note 15. Subsequent Events

Management has evaluated subsequent events through the date of the report, which is the date these financial statements were available to be issued.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the District and its future results and financial position is not presently determinable.

NAPLES CENTRAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
Real property tax	\$ 10,810,060	\$ 10,810,060	\$ 10,806,639	\$ (3,421)
Real property tax items	1,025,668	1,025,668	1,034,025	8,357
Intergovernmental charges	25,342	25,342	28,300	2,958
Use of money and property	21,000	21,000	8,177	(12,823)
Sale of property and compensation for gain	-	-	11,719	11,719
Miscellaneous local sources	34,500	34,500	179,301	144,801
State sources	8,073,197	8,073,197	8,032,821	(40,376)
Medical reimbursements	<u>70,000</u>	<u>70,000</u>	<u>49,596</u>	<u>(20,404)</u>
Total revenues	<u>20,059,767</u>	<u>20,059,767</u>	<u>20,150,578</u>	<u>90,811</u>
Other Financing Sources				
Interfund transfers	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Total revenues and other financing sources	<u>20,209,767</u>	<u>20,209,767</u>	<u>20,300,578</u>	<u>90,811</u>
Expenditures				
General support	2,315,021	2,575,959	2,430,136	145,823
Instruction	9,316,629	9,546,004	8,799,341	746,663
Pupil transportation	1,079,358	1,133,072	976,691	156,381
Community services	2,900	2,900	1,636	1,264
Employee benefits	5,484,152	5,262,178	4,141,884	1,120,294
Debt principal	1,850,000	1,850,000	1,850,000	-
Debt interest	<u>500,707</u>	<u>500,707</u>	<u>500,706</u>	<u>1</u>
Total expenditures	<u>20,548,767</u>	<u>20,870,820</u>	<u>18,700,394</u>	<u>2,170,426</u>
Other Financing Uses				
Interfund transfers	<u>151,000</u>	<u>400,899</u>	<u>164,477</u>	<u>236,422</u>
Total expenditures and other financing uses	<u>20,699,767</u>	<u>21,271,719</u>	<u>18,864,871</u>	<u>2,406,848</u>
Change in Fund Balance	\$ <u>(490,000)</u>	\$ <u>(1,061,952)</u>	1,435,707	\$ <u>2,497,659</u>
Fund Balances - Beginning			<u>7,325,929</u>	
Fund Balances - Ending			<u>\$ 8,761,636</u>	

See accompanying notes to required supplementary information.

NAPLES CENTRAL SCHOOL DISTRICT
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2020

Total OPEB Liability			
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 1,219,225	\$ 1,342,470	\$ 1,062,468
Interest on total OPEB liability	885,723	790,545	745,989
Effect of plan changes	-	-	-
Effect of demographic gains or losses	-	(889,199)	57,586
Effect of assumptions changes or inputs	5,016,111	(1,497,290)	-
Benefit payments	<u>(658,391)</u>	<u>(679,078)</u>	<u>(642,884)</u>
Net changes in total OPEB liability	6,462,668	(932,552)	1,223,159
Total OPEB liability - beginning	<u>24,413,520</u>	<u>25,346,072</u>	<u>24,122,913</u>
Total OPEB liability - ending	<u>\$ 30,876,188</u>	<u>\$ 24,413,520</u>	<u>\$ 25,346,072</u>
Covered payroll	\$ 7,251,885	\$ 7,251,885	\$ 6,023,825
Total OPEB liability as a percentage of covered payroll	425.77 %	336.65 %	420.76 %

See accompanying notes to required supplementary information.

NAPLES CENTRAL SCHOOL DISTRICT
Schedule of District's Proportionate Share of the Net Pension Asset (Liability) - TRS
For The Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
The District's proportion of the net pension asset (liability)	0.035576 %	0.035067 %	0.036629 %	0.035643 %	0.036590 %	0.036975 %	0.036975 %
The District's proportionate share of the net pension asset (liability)	\$ 924,278	\$ 634,094	\$ 278,414	\$ (381,753)	\$ 3,800,575	\$ 4,118,819	\$ 4,118,819
The District's covered payroll	\$ 6,085,576	\$ 5,938,284	\$ 5,722,815	\$ 5,910,953	\$ 5,669,592	\$ 5,461,828	\$ 5,479,890
The District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	15.19 %	10.68 %	4.86 %	(6.46)%	67.03 %	75.41 %	75.16 %
Plan fiduciary net position as a percentage of the total pension asset	102.20 %	101.53 %	100.66 %	99.01 %	110.46 %	114.48 %	100.70 %

Note: Information prior to the dates indicated reported in this schedule are unavailable.

NAPLES CENTRAL SCHOOL DISTRICT
Schedule of District's Proportionate Share of the Net Pension Liability - ERS
For The Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
The District's proportion of the net pension liability	0.0057404 %	0.0054624 %	0.0057886 %	0.005286 %	0.005574 %	0.005574 %	0.005574 %
The District's proportionate share of the net pension liability	\$ 1,520,086	\$ 387,030	\$ 186,823	\$ 473,158	\$ 848,373	\$ 188,318	\$ 251,901
The District's covered payroll	\$ 1,785,181	\$ 1,703,610	\$ 1,819,586	\$ 1,641,273	\$ 1,545,152	\$ 1,648,596	\$ 1,585,216
The District's proportionate share of the net pension liability as a percentage of covered payroll	85.15 %	22.72 %	10.27 %	28.83 %	54.91 %	11.42 %	15.89 %
Plan fiduciary net position as a percentage of the total pension liability	86.39 %	96.27 %	98.24 %	94.70 %	90.70 %	97.90 %	97.20 %

Note: Information prior to the dates indicated reported in this schedule are unavailable.

See accompanying notes to required supplementary information.

NAPLES CENTRAL SCHOOL DISTRICT
Schedule of Employers Contributions for TRS
For The Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 539,182	\$ 630,646	\$ 559,770	\$ 680,279	\$ 729,313	\$ 887,547	\$ 648,819	\$ 648,525	\$ 500,509	\$ 426,691
Contribution in relation to the contractually required contribution	<u>539,182</u>	<u>630,646</u>	<u>559,770</u>	<u>680,279</u>	<u>729,313</u>	<u>887,547</u>	<u>648,819</u>	<u>648,525</u>	<u>500,509</u>	<u>426,691</u>
Contribution deficiency (excess)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Covered payroll	<u>\$6,085,576</u>	<u>\$5,938,284</u>	<u>\$5,722,815</u>	<u>\$5,910,953</u>	<u>\$5,669,592</u>	<u>\$5,461,828</u>	<u>\$5,479,890</u>	<u>\$5,837,309</u>	<u>\$5,806,369</u>	<u>\$6,893,231</u>
Contribution as a percentage of covered payroll	8.86 %	10.62 %	9.78 %	11.51 %	12.86 %	16.25 %	11.84 %	11.11 %	8.62 %	6.19 %

NAPLES CENTRAL SCHOOL DISTRICT
Schedule of Employers Contributions for ERS
For The Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 241,857	\$ 240,421	\$ 263,841	\$ 246,633	\$ 262,229	\$ 299,580	\$ 289,489	\$ 320,619	\$ 252,754	\$ 181,042
Contribution in relation to the contractually required contribution	<u>241,857</u>	<u>240,421</u>	<u>263,841</u>	<u>246,633</u>	<u>262,229</u>	<u>299,580</u>	<u>289,489</u>	<u>320,619</u>	<u>252,754</u>	<u>181,042</u>
Contribution deficiency (excess)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Covered payroll	<u>\$1,785,181</u>	<u>\$1,703,610</u>	<u>\$1,819,586</u>	<u>\$1,641,273</u>	<u>\$1,545,152</u>	<u>\$1,648,596</u>	<u>\$1,585,216</u>	<u>\$1,678,850</u>	<u>\$1,590,869</u>	<u>\$1,631,774</u>
Contribution as a percentage of covered payroll	13.55 %	14.11 %	14.50 %	15.03 %	16.97 %	18.17 %	18.26 %	19.10 %	15.89 %	11.09 %

See accompanying notes to required supplementary information.

NAPLES CENTRAL SCHOOL DISTRICT
Notes to Required Supplementary Information
June 30, 2020

Note 1. Budgetary Comparison Schedule and Budgetary Basis Reporting

An operating budget for the general fund is adopted prior to the beginning of each year on the modified accrual basis of accounting. The general fund is the only fund for which a budget is legally required by New York State Municipal Law and it must be approved by the Board of Education and the voters of the District. Budget amendments require approval by the Board of Education. The budgetary comparison schedule has been prepared on the legal level of budgetary control. Therefore, the District's budgetary comparison schedule presents expenditures by department, with separate identification of personnel object codes, where applicable. The District prepares and reports its budgetary information in accordance with accounting principles generally accepted in the United States of America.

Note 2. Schedule of Changes in the District's Total OPEB Liability and Related Ratios

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information for the other postemployment benefit obligation, latest actuarial valuation and actuarial assumptions and methods can be found in the notes to the financial statements.

The Schedule of Changes in the District's Total OPEB Liability and Related Ratios is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Note 3. Schedule of District's Proportionate Share of the Net Pension Asset/Liability and Schedule of Employer's Contributions

The information presented in these required supplementary schedules was determined as part of the audit of the New York State Employees' Retirement System Plan (NYSERS) and the New York State Teachers' Retirement System (NYSTRS). Additional information for the pension schedules can be found in the notes to the financial statements.

The Schedules of District's Proportionate Share of the Net Pension Asset (Liability) are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

NAPLES CENTRAL SCHOOL DISTRICT
Schedule of Changes from Original Budget to Final Budget
General Fund
For the Year Ended June 30, 2020

Original budget	\$ 20,699,767
Add: Prior year's encumbrances	322,053
Less: Budget revisions	<u>249,899</u>
Final budget	<u>\$ 21,271,719</u>

NAPLES CENTRAL SCHOOL DISTRICT
Schedule of Real Property Tax Limit
General Fund
For the Year Ended June 30, 2020

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-21 voter-approved expenditure budget		\$ 21,213,960
Maximum allowed 4% of 2020-21's budget		\$ 848,558
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Committed fund balance	\$	-
Assigned fund balance		520,883
Unassigned fund balance		<u>1,577,354</u>
Total unrestricted fund balance	\$	<u>2,098,237</u>
Less:		
Appropriated fund balance	\$	436,390
Encumbrances included in assigned fund balance		<u>84,493</u>
Total adjustments	\$	<u>520,883</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u>\$ 1,577,354</u>
Actual percentage		7.44 %

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

NAPLES CENTRAL SCHOOL DISTRICT
Schedule of Project Expenditures
Capital Projects Fund
For the Year Ended June 30, 2020

PROJECT TITLE	<u>Expenditures</u>					<u>Methods of Financing</u>					<u>Fund Balance</u>
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Unexpended Balance</u>	<u>Obligations</u>	<u>State Aid</u>	<u>Interfund Transfers</u>	<u>Total</u>	
2019-2020 Buses	\$ 114,628	\$ -	\$ -	\$ 114,628	\$ 114,628	\$ (114,628)	\$ -	\$ -	\$ 114,628	\$ 114,628	\$ -
2017 Capital Project	7,725,000	10,075,000	5,981,517	3,850,426	9,831,943	243,057	4,820,000	-	5,255,000	10,075,000	243,057
Smart School Bond Project	<u>378,100</u>	<u>378,100</u>	<u>351,145</u>	<u>(80,076)</u>	<u>271,069</u>	<u>107,031</u>	<u>-</u>	<u>271,069</u>	<u>-</u>	<u>271,069</u>	<u>-</u>
Total	\$ <u>8,217,728</u>	\$ <u>10,453,100</u>	\$ <u>6,332,662</u>	\$ <u>3,884,978</u>	\$ <u>10,217,640</u>	\$ <u>235,460</u>	\$ <u>4,820,000</u>	\$ <u>271,069</u>	\$ <u>5,369,628</u>	\$ <u>10,460,697</u>	\$ <u>243,057</u>

NAPLES CENTRAL SCHOOL DISTRICT
Net Investment in Capital Assets
June 30, 2020

Capital Assets - Net	\$ <u>35,477,851</u>
Deduct	
Short-term portion of bonds payable	1,970,000
Long-term portion of bonds payable	<u>18,327,605</u>
Subtotal	<u>20,297,605</u>
Net Investment in Capital Assets	\$ <u>15,180,246</u>



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INDEPENDENT AUDITORS' 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 Board of Education
Naples Central School District
Naples, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Naples Central School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Naples Central School District's basic financial statements and have issued our report thereon dated October 7, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Naples 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2020-001.

The District's Response to Finding

The District's response to the finding identified in the audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Rochester, New York
October 7, 2020

**NAPLES CENTRAL SCHOOL DISTRICT
Summary of Findings and Responses
For The Year Ended June 30, 2020**

FINDINGS - FINANCIAL STATEMENT AUDIT

Reference: 2020-001

Requirement

NYS Real Property Tax Law § 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget of the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts assigned for the subsequent year and encumbrances are also excluded from the 4% limitation.

Finding

The District's unassigned fund balance at June 30, 2020, after excluding amounts assigned for the subsequent year end encumbrances, was in excess of the New York State Real Property Tax Law §1318 limit. For the fiscal year ended June 30, 2020, the District's unassigned fund balance is \$1,577,354 which is 7.44% of the 2020-2021 voter approved General Fund budget.

District's Response

Due to the COVID crisis and messaging from the state office of budget that state aid could be cut up to 20%, the Board determined to lessen the contribution to reserves as delineated in the District reserve plan with the goal of keeping additional funds liquid to offset these potential aid reductions. District management is concerned that over the course of 2020-2021, there will be a significant spike in additional expenses to prevent and address COVID related concerns. By July 2020, the District had already tracked in excess of \$70,000 in unplanned expenses tied to reopening school. Further potential costs include adjustments to staffing, transportation, cleaning processes, legal charges, and potential substitute teacher costs.

**NAPLES CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
AND INDEPENDENT AUDITORS' REPORT
JUNE 30, 2020**

**NAPLES CENTRAL SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUND**

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NOTES TO FINANCIAL STATEMENTS	4



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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Naples Central School District
Naples, New York

We have audited the accompanying statement of cash receipts, cash disbursements and cash balances of the Naples Central School District (the "District") Extraclassroom Activity Fund as of and for the year ended June 30, 2020, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this statement of cash receipts, cash disbursements and cash balances 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 statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion 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. 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 statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial 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 statement of cash receipts, cash disbursements and cash balances referred to above present fairly, in all material respects, the cash receipts, cash disbursements and cash balances of the Naples Central School District Extraclassroom Activity Fund for the year ended June 30, 2020, in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

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

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Rochester, New York
October 7, 2020

**NAPLES CENTRAL SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUND
Statement of Cash Receipts, Cash Disbursements and Cash Balances
For the Year Ended June 30, 2020**

	<u>Cash Balances July 1, 2019</u>	<u>Cash Receipts and Transfers</u>	<u>Cash Disbursements and Transfers</u>	<u>Cash Balances June 30, 2020</u>
5th & 6th Grade Band	\$ 2,284	\$ -	\$ -	\$ 2,284
Boys Baseball Club	1,196	3,433	1,951	2,678
Boys Basketball Club	143	-	-	143
Boys Golf Club	839	-	-	839
CC and More	903	5	-	908
Class of 2018	-	2,357	2,357	-
Class of 2019	764	-	764	-
Class of 2020	5,742	24,079	24,341	5,480
Class of 2021	4,589	941	419	5,111
Class of 2022	3,114	1,617	825	3,906
Class of 2023	1,163	1,827	1,500	1,490
Class of 2024	223	814	488	549
Class of 2025	-	7,338	6,336	1,002
Colorguard	2,369	-	24	2,345
Elementary Library Club	4,650	2,234	2,273	4,611
Elementary Student Council	5,731	1,930	5,630	2,031
Flying Fajitas Ski Team	6,195	1,580	7,337	438
French Club	811	147	170	788
Girls Basketball Club	1,765	-	-	1,765
Girls Softball Club	2,510	-	295	2,215
High School Chorus	2,485	1,408	485	3,408
High School Library Club	4,437	2,944	2,793	4,588
Indoor Soccer Club	1,927	-	-	1,927
Jr. Robotics Club	2,911	1,778	2,992	1,697
Junior Student Government	35	-	-	35
Naples Corner Store	9	-	-	9
Naples Robotics	272	5,052	2,975	2,349
NCS Musical	4,324	10,784	9,872	5,236
NCS PBL Club	539	-	270	269
NCS Varsity Swim Club	7,253	5,411	2,870	9,794
News Staff - In and Out	-	1,825	1,825	-
Operation Santa	20,753	15,292	15,237	20,808
Outdoor Adventure Club	460	-	460	-
P.L.A.N.T. Club	1,067	-	200	867
Popcorn Sales Club	136	-	-	136
Sales Tax Holding Account	312	1,090	1,361	41
Ski Club	320	-	-	320
Spanish Club	781	203	275	709
Student Council	14,930	2,492	1,993	15,429
Trap Shooting Club/Team	2,358	1,400	1,049	2,709
Triumphant in 2021 and Beyond	439	-	-	439
Yearbook	2,401	5,937	22	8,316
Totals	\$ 113,140	\$ 103,918	\$ 99,389	\$ 117,669

The accompanying notes are an integral part of these financial statements.

**NAPLES CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
Notes to Financial Statements**

Note 1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The extraclassroom activity fund represents funds of the students of the Naples Central School District. Although the extraclassroom activity fund is independent of the District with respect to its financial transactions and the designation of student management, the Board of Education exercises general oversight of these funds. Based on this criterion, the extraclassroom activity fund is included in the District's reporting entity. The District reports these assets held by it as agent for the extraclassroom organizations in an agency fund in the statement of fiduciary net position.

B. Basis of Accounting

The accounts of the extraclassroom activity fund are maintained on a cash basis, and the statements of cash receipts, cash disbursements and cash balances reflects only cash received, disbursed and transferred between funds. Therefore, receivables and payables, inventory, long-lived assets, and accrued income and expenses, which would be recognized under accounting principles generally accepted in the United States of America, and which may be material in amount, are not recognized in the accompanying financial statement.

Note 2. Proper Extraclassroom Activity Clubs

Commissioner's regulations require that only funds involved with a Board-recognized student organization are reported in the extraclassroom activity fund. A bonafide student organization is one consisting of a number of student members with a student president, student treasurer and a faculty advisor.

NCS Reopening

BOE Presentation – October 7, 2020





AGENDA

1

What looks
different?

2

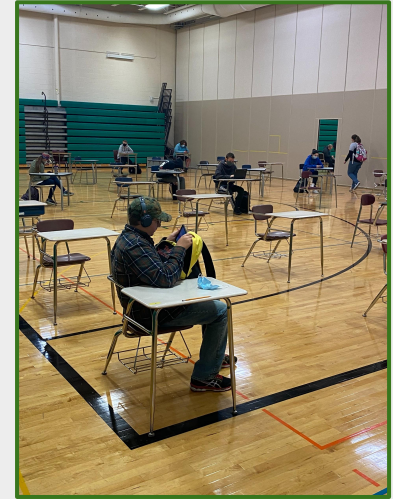
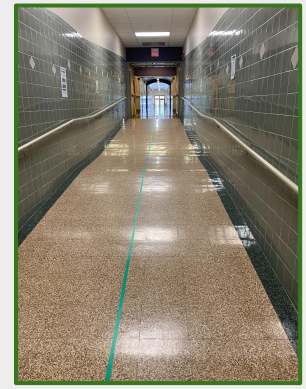
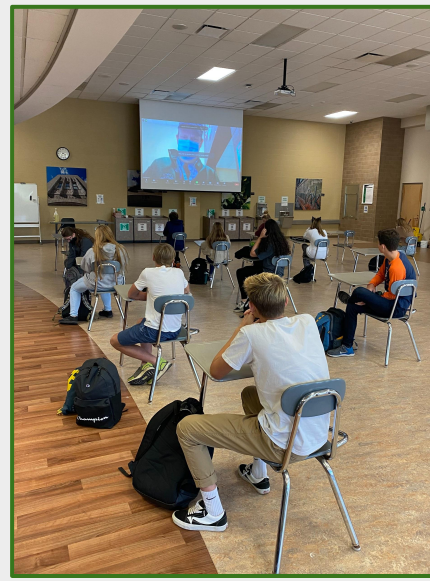
Remote Learning

3

What's
challenging?

4

What's going
well?



What looks different?

Food service, Special Areas,
Cohorting, Use of larger spaces,
Traffic patterns



2

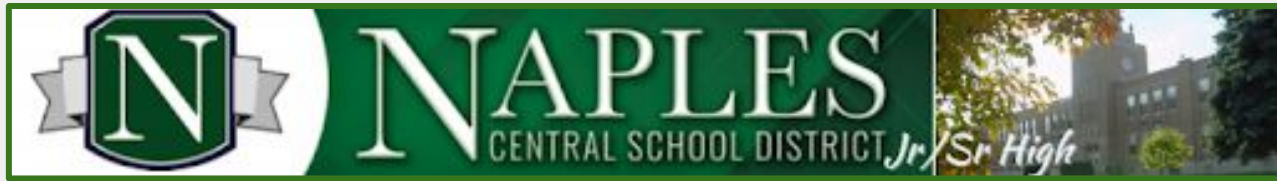
Remote Learning

Implementation, Number of learners



Naples Elementary School

Grade Level	In-Person	Remote	Total
UPK	22	8	30
Kindergarten	40	8	48
Grade 1	26	7	33
Grade 2	30	4	34
Grade 3	34	10	44
Grade 4	34	3	37
Grade 5	33	19	52
Grade 6	38	14	52
Multi-Age	8	0	8



Grade	Team Green	Team White	Team Blue	Team Purple	Total
7	19	21	1	10	51
8	16	17	1	12	46
9	23	17	3	10	53
10	13	14	0	10	37
11	18	14	8	9	49
12	20	18	7	9	54
Total	109	101	20	60	290



3

What's challenging?

In-person and remote at the same time, Special Areas, Substitute coverage





4

What's going well?

Reopening plan, Staff
commitment and flexibility,
Warm environment

2020 NYSSBA Resolutions

RESOLUTIONS		
Proposed Resolution 1	NYSSBA to advocate to overhaul the current testing system by working collaboratively	Adopt
Proposed Resolution 2	NYSSBA to support legislation that makes it easier for districts to recover attorney's fees in sp.ed. legal cases	Adopt
Proposed Resolution 3	NYSSBA to support legislation that would shift burden of proof in sp.ed. due process away from district to party seeking relief	Adopt
Proposed Resolution 4	NYSSBA to seek change to have IDEAs to include districts in the earliest stages of a PILOT consideration	Adopt
Proposed Resolution 5	NYSSBA to support legislation at state/federal level that would allow and enhance sharing of services among districts and municipalities	Adopt- Cost Savings
Proposed Resolution 6	NYSSBA to support proposals to expand opportunities and capacity for online learning	Adopt- Pandemics and promote collaboration and opportunities
Proposed Resolution 7	NYSSBA to support proposals to incorporate pre-K funding into school aid formulas	Adopt- predictable source of funding for future budgeting
Proposed Resolution 8	NYSSBA to OPPOSE proposals to raise the number of charter schools in the state	Adopt
Proposed Resolution 9	NYSSBA to OPPOSE proposals to expand mayoral control to districts beyond NYC	Adopt- Local duly elected school board
Proposed Resolution 10	NYSSBA to support proposals to regulate and restrict the use of tobacco products among youth	Adopt
Proposed Resolution 11	NYSSBA to support legislation to allow for more than one Board Member to attend the NYS Office of State Comptroller audit exit conference	Adopt- avoid quorum, but improve transparency
Proposed Resolution 12	NYSSBA to support legislation that makes it clear districts are not responsible for assessing the equivalency of education for nonpublic schools	Adopt
Proposed Resolution 13	NYSSBA to support legislation to authorize bi-directional communication between district and NYS Immunization Information System	Adopt- current process is very inefficient
Proposed Resolution 14	NYSSBA to support legislation that would enable to Commissioner of Education to declare and alternate election arrangement in emergency	Adopt- In the event of a weather emergency the voting process could be compromised

2020 NYSSBA Resolutions

RESOLUTIONS		
Proposed Resolution 15	NYSSBA to support legislation that provide training and certification for professional parent advocates to attend CSE meeting and hearings	Adopt - to ensure parents have access to advocates that have children's best interest in mind
Proposed Resolution 16	NYSSBA to support legislation that promotes reduction in costs associated with impartial hearings, evaluation requests and attorney fees	Adopt
Proposed Resolution 17	NYSSBA to support increased state and federal funding to address the digital divide with limited access to tech and broadband	Adopt
Proposed Resolution 18	NYSSBA to OPPOSE mid-year state air cuts to allow for educational continuity and fiscal stability for districts	Adopt- difficult to budget/plan and provide services with expanded Executive Power to cut
Proposed Resolution 19	NYSSBA to produce and recommend adoption of policy that would require child abuse training to all school personnel once every 3 years	Adopt

PROPOSED RESOLUTIONS NOT RECOMMENDED BY THE RESOLUTIONS COMMITTEE FOR ADOPTION		
Proposed Resolution 20	NYSSBA to support NY Health Act and any legislation that provides single payer health care for all New Yorkers	Not Adopt- resolve at national level not state due to disproportionate budget increases
Proposed Resolution 21	NYSSBA to support legislation that requires every child to be covered by Child Health Plus	Not Adopt- resolve at national level not state or school district level
Proposed Resolution 22	NYSSBA to support legislation hold school districts harmless for employee/retiree health care increases that exceed CPI	Not Adopt-NYSSBA understands the idea due to disproportionate budget increases however what
Proposed Resolution 23	NYSSBA to support legislation to create a process to review tenure and tenure renewal every 5 years	Not Adopt- Administratively burdensome
Proposed Resolution 24	NYSSBA to support legislation to eliminate initial public straw vote for merger process	Not Adopt-vote provides valuable information to districts and required by Education Law
Proposed Resolution 25	NYSSBA to support/encourage laws/policies that promote competition between BOCES for non-instructional services to districts	Not Adopt- promote COOPERATION not COMPETITION- also, could be applied back to the districts
Proposed Resolution 26	NYSSBA to support/encourage laws/policies that promote competition FOR AND between BOCES for non-instructional services to districts	Not Adopt- promote COOPERATION not COMPETITION- also, could be applied back to the districts
Proposed Resolution 27	NYSSBA to support mandated reporters to participate in periodic refresher courses for child abuse signs and reporting process	Not Adopt- understand the importance of recognizing child abuse, but would lead to

NAPLES CENTRAL SCHOOL DISTRICT
Timeline for Preparation of the 2021-2022 Budget

October 21, 2020	Budget Committee Meeting 4:30 p.m. Regular Board Meeting at High School Cafeteria 6:00 p.m.
November 18, 2020	Budget Committee Meeting 4:30 p.m. Regular Board Meeting at High School Cafeteria 6:00 p.m.
December 9, 2020	Budget development information distributed to administrators and staff
Dec. 9, 2020–Jan. 13, 2021	Development of building and department budgets
January 20, 2021	Budget Committee Meeting 4:30 p.m. Regular Board Meeting at High School Cafeteria 6:00 p.m. Board of Education - Budget Update
February 22, 2021	Draft of building level and department budgets due to business office
March 1, 2021	Tax Levy Limit Calculation submitted to the NYS Office of the State Comptroller
March 15, 2021	Requisitions due from Departments
March 17, 2021	Petitions available for Board of Education Candidates from the District Clerk
March 17, 2021	Budget Committee Meeting 4:30 p.m. Regular Board Meeting at High School Cafeteria 6:00 p.m. Board of Education - Budget Update
March 31, 2021	Publication of First Legal Notice of District Budget Hearing, Vote, and Election
April 7, 2021	Tentative Budget Committee Meeting – Final Review of Budget 4:00 p.m.
April 19, 2021	Petitions to run for Board of Education must be filed by 5:00 p.m.
April 21, 2021	Budget Committee Meeting 4:30 p.m. Regular Board Meeting at High School Cafeteria 6:00 p.m. – Tentative Budget Adoption Board Budget Discussion & Final Review of Budget
April 22, 2021	Property Tax Report Card submission due date
May 4, 2020	Copies of proposed budget available at all district buildings (legal obligation – 14 days before vote)
May 5, 2021	District Budget Hearing at Naples High School Cafeteria, 6:00 p.m.
May 6, 2021	Publish and present proposed budget brochure and budget notice
May 18, 2021	Community Vote on budget and members of the Board of Education

Approved by Board of Education on: October 7, 2020

**MEMORANDUM OF AGREEMENT
BETWEEN
THE NAPLES TEACHERS' ASSOCIATION
AND THE
SUPERINTENDENT FOR THE
NAPLES CENTRAL SCHOOL DISTRICT**

WHEREAS, the Naples Central School District (“District”) and the Naples Teachers’ Association (“NTA” or “Association”) (collectively referred to as the “Parties”) have agreed to a Collective Bargaining Agreement effective from July 1, 2018 through June 30, 2022 (“CBA”); and

WHEREAS, Article III, B. Substitute Activity, of the CBA states that in recognition of the importance of non-teaching periods for preparation, planning, and remedial instruction, the parties agree that unit members as currently defined by Article I will not ordinarily be asked to assume the class responsibilities of a teacher who is absent for an entire day, and the District will not assign a teacher to substitute for an entire day unless after its best efforts it cannot obtain a satisfactory substitute teacher for the day. ; and

WHEREAS, the District anticipates an increase in need for substitute teachers for the 2020/2021 school year; and

WHEREAS, the parties have had discussions concerning allowing unit members the option of covering the class of a teacher who is absent, in lieu of a planning period (up to forty-five (45) minutes in length); and

NOW, THEREFORE, it is hereby agreed to the parties as follows:

1. Participation will be optional, with a unit member’s consent.
2. The parties agree that this agreement only applies when a request for coverage comes from the District.
3. A unit member who is covering a class in lieu of a planning period will be compensated at the rate of \$30.00 per assignment period.
4. The parties agree that there will be no expectation of preparation/planning by the unit member covering the class.

5. The parties agree that the option to cover a class in lieu of a planning period will only be available to unit members with at least one (1) year of teaching experience.
6. The parties agree that the option to cover a class in lieu of a planning period only applies to period/learning blocks scheduled between 7:55 a.m. and 2:30 p.m.
7. The parties agree this Memorandum of Agreement shall sunset at the end of the 2020/2021 school year, or if either party notifies the other in writing before January 1, 2021.
8. This agreement does not set a precedent or constitute a past practice.
9. This agreement shall take effect upon execution of all of the parties named below and may not be amended or altered without express written consent of all parties.
10. Both parties enter into this Memorandum of Agreement knowingly, voluntarily and without coercion, after having an opportunity to review it with a representative of their choice.

NAPLES TEACHERS' ASSOCIATION

By: _____
Scott Petrie
President, Naples Teachers' Association

Date: _____

NAPLES CENTRAL SCHOOL DISTRICT

By: _____
Matthew Frahm
Superintendent of Schools

Date: _____

Approved by the Naples Board of Education: _____

Personnel

SUBJECT: TEMPORARY PERSONNEL

The District's needs sometimes require temporary appointments. The terms of these appointments shall be defined by the Board on a case-by-case basis.

Student Teachers

The District shall cooperate with teacher training institutions in the placement of student teachers to provide beginning teachers with the best possible student teaching experience.

Schools are required to allow student teachers to videotape themselves providing instruction in a classroom to meet part of their instruction assessment requirements for teaching certification. The video must remain confidential, is a confidential record of the New York State Education Department (SED), and is not subject to viewing or disclosure to an individual or entity other than the student teacher applicant and relevant SED personnel.

Student teachers shall be protected from liability for negligence or other acts resulting in accidental injury to any person by the District, as provided by law.

Student Teachers shall not be allowed to substitute teach until they have completed all requirements for student teaching.

Substitute Teachers

A fully qualified substitute teacher will be employed, whenever possible, by the Superintendent in the absence of a regular teacher. It is recognized that fully certified persons will not always be available for employment as substitute teachers.

A teacher substitute is required to have at least two (2) years of higher education. Exceptions must be approved by the school superintendent.

Eligibility for Service

Per Commissioner's Regulations Section 80-5.4, there are three (3) categories of substitutes:

- a) Substitutes with valid teaching certificates or certificates of qualification may serve in any capacity, for any number of days. If employed on more than an "itinerant" basis, these substitutes will be employed in their certification area.

(Continued)

Personnel

SUBJECT: TEMPORARY PERSONNEL (Cont'd)

- b) Substitutes without a valid certificate, but who are completing collegiate study towards certification at the rate of not less than six (6) semester hours per year may serve in any capacity, for any number of days, in any number of school districts. If employed on more than an "itinerant" basis, these substitutes will be employed in their anticipated certification area.
- c) Substitutes without a valid certificate and who are not working towards certification may serve for no more than forty (40) days per school year. In extreme circumstances – where there is a urgent need for a substitute teacher – however, the District may employ this substitute teacher beyond the 40-day limit, for up to an additional fifty (50) days (90 days total in a school year), if the Superintendent certifies that the District conducted a good-faith recruitment search and there are no certified teachers available who can perform the duties of the position.

The District may hire this substitute teacher beyond the 90 days only if the Superintendent attests that the District conducted a good-faith recruitment search, but there are still no certified teachers available who can perform the duties of the position and that the District needs a particular substitute teacher to work with a specific class or group of students until the end of the school year.

The Board will annually establish the ordinary rate for per diem substitute teachers.

Reporting

The Superintendent will submit an annual report to the Commissioner concerning the employment of all uncertified teachers. The report will include:

- a) The number of substitute teachers authorized to be employed beyond the 40-day limit.
- b) The number of substitute teachers authorized to be employed beyond the 90-day limit.
- c) The required good-faith recruitment certifications for all teachers employed beyond the 40-day and 90-day limits.

The placement of a person on the approved substitute list requires Board of Education approval.

Substitute Tutor: \$30.00/hour

(Continued)

SUBJECT: TEMPORARY PERSONNEL (Cont'd)

Per Diem Substitute Administrator Pay

The Naples Central School District shall pay certified substitute Administrators at the rate of \$400/day.

Per Diem Substitute Teacher Pay

The Naples Central School District shall pay substitute teachers at the rates listed below. All salaries are for continuous service in one assignment. There is no retroactivity. When substituting for a particular teacher, salary will be adjusted when the appropriate number of days of service has been met. At that point, the new rate will go into effect. Any modifications of the policy will be at the discretion of the Board of Education.

Days of Service	Salary
1 to 20 days	\$110/day: Certified \$110/day: Uncertified
21 days up to one semester	1/200th of step 1 BS/day (Commencing day 21)

Per Diem Substitute Teacher Pay for Retired Teachers, from Naples Central School District or from other school districts, will be paid at the rate of \$140/day.

The District may hire two (2) teacher substitutes on a contractual basis at the rate of \$120/day, who would be required to report for work as a teacher substitute each day that the students are in physical attendance of the school buildings. These teacher substitutes would be granted five (5) leave days each school year to be used for sick or personal leave. No additional benefits.

Long-term substitute teachers will be those people who take over a regular teacher's assignment for one (1) semester or longer. They will be placed on contract for the duration of their assignment at the following rate of pay as per their degree: Step 1 Teachers Salary Distribution Schedule –Bachelors; or Step 1 of the Teachers Salary Distribution Schedule -Masters. Benefits will include Health Insurance; Dental Insurance; and Sick/Personal leave as specified in the Naples Teachers' Association contract. Costs for Fingerprinting: Fingerprinting costs will be the responsibility of the substitute; costs will be reimbursed to the substitute upon completion of 10 days of substitute employment. (Financial Assistance is available to qualified individuals)

Substitute Nurse

Certified RN or LPN: \$125.00/day

(Continued)

Personnel

SUBJECT: TEMPORARY PERSONNEL (Cont'd)**Substitute Non-Instructional**

The following Substitute Non-Instructional Employees shall be paid at the Current NYS Minimum Wage: Bus Monitor, Cleaner*, Clerk, Food Service Helper, Library Clerk, School Monitor, Teacher Aide, Teacher Assistant, Building Maintenance Assistant and Typist.

*Cleaner substitutes shall receive differential pay of forty-five (45) cents per hour for any hours worked after 3:30 p.m. effective 09/16/2019.

Lifeguards: Hourly wage will be Minimum wage plus \$1.00

Building Maintenance Mechanic: Hourly wage will be Minimum wage plus \$1.50

Custodian: Hourly wage will be Minimum wage plus \$1.00

Automotive Mechanic/Bus Driver: Minimum Wage - \$18.35/hour

Bus Driver: \$18.00/hour

Special or Outside Hourly Rate: As per negotiated CSEA contract

Layover Rate: As per negotiated CSEA contract

Bus Driver Refresher Course - As per negotiated CSEA contract

Special provisions relative to Substitute Bus Drivers:

The Naples Central School District shall pay substitute bus drivers *at the current minimum wage* for the following:

Training in the operation of a school bus up to a maximum of forty (40) hours.

Time for actual seat hours in the required three (3) hour pre-service course and thirty (30) hour course will be paid at the current minimum wage/hour.

A driver is required to complete the following before request for payment can be made, including reimbursement for fingerprinting or *permit and licensing fees:

The thirty (30) hour course – to be completed within one year

A minimum of six months of service and 30 bus runs

*The Naples Central School District will reimburse substitute drivers for permit and licensing fees upon presentation for a voucher for payment and related receipts. The licensing fees will be reimbursed as the difference between a regular driver's license and a Class D, Class CDL, and Class B license.

(Continued)

Personnel

SUBJECT: TEMPORARY PERSONNEL (Cont'd)

The Naples Central School District shall pay substitute school bus monitors *at the current minimum wage* for the following:

NYS Attendant/Monitor Pre-Service Instruction up to a maximum of two (2) hours.

Required training for School Bus Monitor up to a maximum of ten (10) hours; Required by state law that this class must be taken within one (1) year of employment as a school bus monitor.

The Naples Central School District shall pay substitute school bus monitors at the following rate for the Refresher Course; Required by state law two (2) times per year. \$20.00 per session

Costs for Fingerprinting: Fingerprinting costs will be the responsibility of the substitute; costs will be reimbursed to the substitute upon completion of 10 days of substitute employment.
(Financial Assistance is available to qualified individuals)

Education Law Section 3023

8 New York Code of Rules and Regulations (NYCRR) Sections 80-1.5 and 80-5.4

NOTE: Refer also to Policy #7240 – Student Records: Access and Challenge

Adopted: 06/27/07

Revised: 11/18/09 - Effective 07/01/2010

Revised: 03/17/10 - Effective 07/01/2010

Revised: 01/05/11

Revised: 04/27/11

Revised: 07/13/11

Revised: 12/07/11

Revised: 03/21/12

Revised: 07/11/12

Revised: 02/13/13

Revised: 10/16/13

Revised: 01/22/14

Revised: 03/19/14

Revised: 12/17/14

Revised: 02/25/15

Revised: 10/07/15

Revised: 12/02/15

Revised: 03/16/16

Revised: 10/17/16

Revised: 12/07/16

Revised: 12/21/16

Revised: 06/21/17

Revised: 11/15/17

Revised: 06/19/19

Revised: 10/06/19

Revised: 10/07/20

**NAPLES CENTRAL SCHOOL
2020-2021 CALENDAR**

Amended

JULY							AUGUST							SEPTEMBER							OCTOBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
			1	2	3	4						1			1	2	3	4	5						1	2	3
5	6	7	8	9	10	11	2	3	4	5	6	7	8	6	7	8	9	10	11	12	4	5	6	7	8	9	10
12	13	14	15	16	17	18	9	10	11	12	13	14	15	13	14	15	16	17	18	19	11	12	13	14	15	16	17
19	20	21	22	23	24	25	16	17	18	19	20	21	22	20	21	22	23	24	25	26	18	19	20	21	22	23	24
26	27	28	29	30	31	23	24	25	26	27	28	29	27	28	29	30	25	26	27	28	29	30	31				
30	31																										

NOVEMBER							DECEMBER							JANUARY							FEBRUARY							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	
1	2	3	4	5	6	7			1	2	3	4	5						1	2			1	2	3	4	5	6
8	9	10	11	12	13	14	6	7	8	9	10	11	12	3	4	5	6	7	8	9	7	8	9	10	11	12	13	
15	16	17	18	19	20	21	13	14	15	16	17	18	19	10	11	12	13	14	15	16	14	15	16	17	18	19	20	
22	23	24	25	26	27	28	20	21	22	23	24	25	26	17	18	19	20	21	22	23	21	22	23	24	25	26	27	
29	30	27	28	29	30	31							24	25	26	27	28	29	30	28								
													31															

MARCH							APRIL							MAY							JUNE						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
	1	2	3	4	5	6					1	2	3						1			1	2	3	4	5	
7	8	9	10	11	12	13	4	5	6	7	8	9	10	2	3	4	5	6	7	8	6	7	8	9	10	11	12
14	15	16	17	18	19	20	11	12	13	14	15	16	17	9	10	11	12	13	14	15	13	14	15	16	17	18	19
21	22	23	24	25	26	27	18	19	20	21	22	23	24	16	17	18	19	20	21	22	20	21	22	23	24	25	26
28	29	30	31	25	26	27	28	29	30	23	24	25	26	27	28	29	27	28	29	30							
													30	31													

CODES: Vacation/Holiday



Teacher & Support Staff Conference Day

Regents Exams

Teacher Conference Day - HS & Elem - Full Student Day Off

HS Students dismissal at 11:00 a.m.; Elem Students have a Full Day.

ELEM ONLY - 1/2 Student Day Off PM for Parent/Teacher Conferences & Evening Parent/Teacher Conferences for both HS & Elem

HS & Elem - 1/2 Student Day Off PM - Parent/Teacher Conferences PM

Teacher Conference Day - HS & Elem - 1/2 Student Day Off

Date	Description	Pupils	Teachers
July 4	Independence Day Holiday	0	0
September 2	All Staff Conference Day (Teachers & Support Staff)		
September 3	Teacher Conference Day		
September 7	Labor Day Holiday		
September 8	Teacher Conference Day: HS & Elem - Full Student Day Off		
September 9	First Student Day		
September 25	Teacher Conference Day: HS & Elem - Full Student Day Off	15	19
October 12	Columbus Day Holiday	20	21
October 23	Teacher Conference Day: HS & Elem - Full Student Day Off		
November 11	Veterans' Day Holiday		
November 12	Parent / Teacher Conferences - Elementary ONLY - 1/2 Student Day PM		
November 12	Parent / Teacher Conferences - EVENING - High School and Elementary		
November 13	Parent/Teacher Conferences - High School & Elementary - 1/2 Student Day Off PM		
November 25, 26, & 27	Thanksgiving Day Holiday	17	17
December 24 & 25; & 28 - 31	Holiday Recess	17	17
January 1	Holiday Recess		
January 4	School Reopens		
January 18	Martin Luther King, Jr. Day Holiday		
January 26-29	Local Mid-Term Exams; Regents Exams; and Competency Tests		
January 27-29	High School: Dismissal at 11:00 a.m.; <i>Elementary Students: Full Day</i>	19	19
February 15-19	Presidents' Week Recess	15	15
March 12	Teacher Conference Day: <i>HS & Elem - Full Student Day Off</i>		
March 29, 30 & 31	Spring Recess	19	20
April 1&2	Spring Recess	20	20
May 7	Teacher Conference Day: <i>HS & Elem - 1/2 Student Day Off</i>		
May 31	Memorial Day Holiday	20	20
June 16-18; & 21-24	Regents Examinations & Competency Tests		
June 16-18 & June 21-22	Elementary Students will have 1:30 p.m. dismissal		
June 23 & 24	Elementary Students will have 11:00 a.m. dismissal		
June 24	Last Student Day for Elementary & High School		
June 25	High School Teachers - Rating Day - Last Teacher Day		
June 25	Elementary Teachers - Conference Day - Last Teacher Day		
June 26	Graduation Day	18	19
TOTAL NUMBER OF DAYS		180	187

(Includes Teacher Conference Days)

EMERGENCY MAKE-UP DAYS: If needed, will be made up during Spring Recess in April.

AMENDED: October 7, 2020