

GOSHEN CENTRAL SCHOOL DISTRICT
GOSHEN, NEW YORK

AUDIT REPORT FOR THE YEAR ENDED
JUNE 30, 2020
INCLUDING REPORTS ON FEDERAL AWARDS
AND EXTRACLASSROOM ACTIVITY FUNDS

GOSHEN CENTRAL SCHOOL DISTRICT
GOSHEN, NEW YORK
JUNE 30, 2020
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Nugent & Haeussler, P.C.

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INDEPENDENT AUDITOR'S REPORT

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

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Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the Goshen 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 Goshen Central School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Goshen Central School District

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 fiduciary fund of the Goshen 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 and required supplementary information on pages 4 through 16 and 73 through 77 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 Goshen Central School District's basic financial statements. The supplemental schedules on pages 78 through 80 are required by the New York State Education Department and are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplemental schedules on pages 78 through 80 and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the

Goshen Central School District

United States of America. In our opinion, the supplemental schedules on pages 78 through 80 and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2020, on our consideration of the Goshen Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Goshen Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Goshen Central School District's internal control over financial reporting and compliance.

Mugant + Hausler, P.C.

Montgomery, New York
September 22, 2020

GOSHEN CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis

Introductory Section

The following is a discussion and analysis of Goshen Central School District's financial performance for the year ended June 30, 2020. The section is a summary of the Goshen Central School 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

Key financial highlights for the year ended June 30, 2020 are as follows:

- Net position decreased \$9,870,218. The most significant factor that contributed to this decrease was the expense related to other postemployment benefits of \$6,257,833.
- General Fund revenues exceeded the budget by \$1,496,582.
- General Fund expenditures and encumbrances were \$1,436,917 under budget.
- The District received federal funds for instructional programs and school lunch assistance of \$1,224,491 and \$405,146, respectively.

Overview of the Financial Statements

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of 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 significant funds.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

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

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

GOSHEN CENTRAL SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

Overview of the Financial Statements (Continued)

Major Features of the District-Wide and Fund Financial Statements			
	District-Wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

GOSHEN CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

District-Wide Financial 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 and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

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

- Some funds are required by 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 District has two kinds of funds:

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

GOSHEN CENTRAL SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

Financial Analysis of the District as a Whole

Beginning of the year net position decreased \$9,870,218 from (\$55,057,867) to (\$64,928,085). The District's net position at June 30, 2020 is (\$64,928,085). The following table provides a summary of the District's net position:

Summary of Net Position

	<u>School District Activities</u>			
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>\$ Change</u>	<u>% Change</u>
Current Assets	\$ 35,822,127	\$ 67,054,490	\$ (31,232,363)	-46.58%
Non Current Assets	69,042,282	35,470,368	33,571,914	94.65%
Total Assets	<u>104,864,409</u>	<u>102,524,858</u>	<u>2,339,551</u>	<u>2.28%</u>
Deferred Outflows of Resources	<u>32,881,091</u>	<u>25,500,583</u>	<u>7,380,508</u>	<u>28.94%</u>
Current Liabilities	7,890,343	26,853,491	(18,963,148)	-70.62%
Long-Term Liabilities	174,865,885	135,525,661	39,340,224	29.03%
Total Liabilities	<u>182,756,228</u>	<u>162,379,152</u>	<u>20,377,076</u>	<u>12.55%</u>
Deferred Inflows of Resources	<u>19,917,357</u>	<u>20,704,156</u>	<u>(786,799)</u>	<u>-3.80%</u>
Net Position:				
Net Investment in Capital Assets	47,039,891	39,207,506	7,832,385	19.98%
Restricted	15,887,126	15,021,706	865,420	5.76%
Unrestricted	<u>(127,855,102)</u>	<u>(109,287,079)</u>	<u>(18,568,023)</u>	<u>-16.99%</u>
Total Net Position	<u>\$ (64,928,085)</u>	<u>\$ (55,057,867)</u>	<u>\$ (9,870,218)</u>	<u>-17.93%</u>

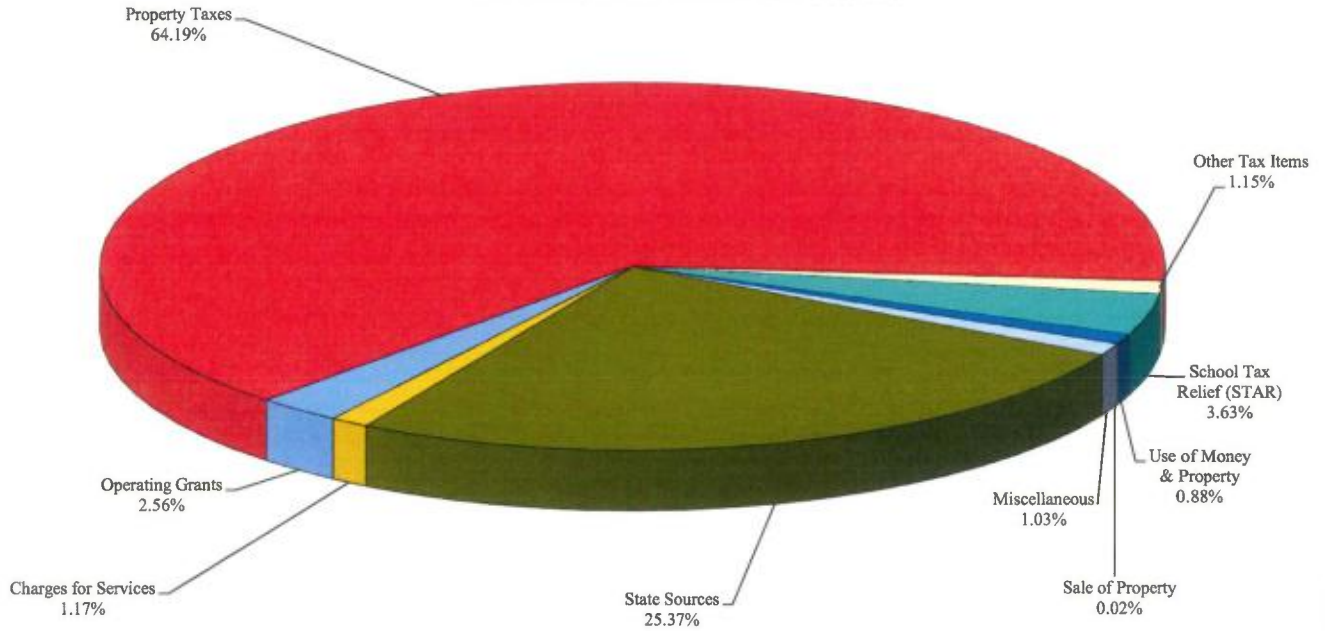
The following table and supporting graphs provides a summary of revenues, expenses and changes in net position for the year ended June 30, 2020 and 2019:

GOSHEN CENTRAL SCHOOL DISTRICT
GOSHEN, NEW YORK
STATEMENT OF ACTIVITIES
SUMMARY OF CHANGES IN NET POSITION

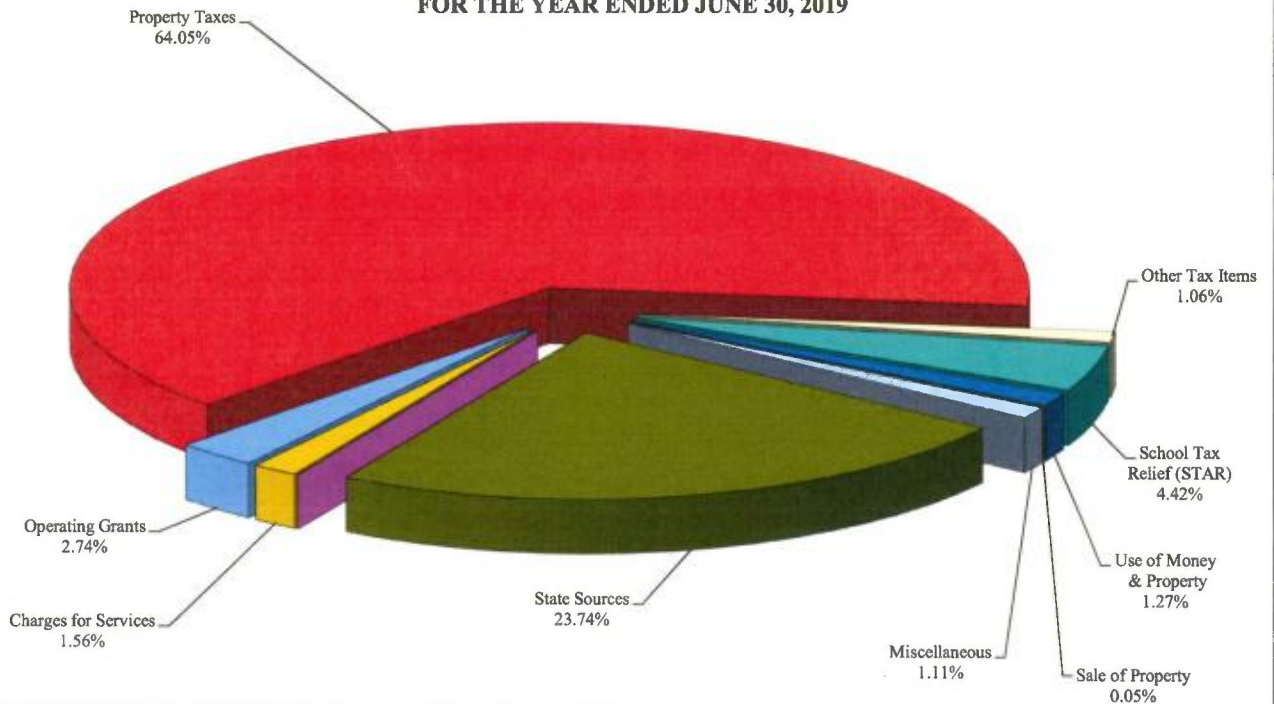
	FOR THE YEAR ENDED JUNE 30, 2020		FOR THE YEAR ENDED JUNE 30, 2019		\$ Change	% Change
		%		%		
<u>REVENUES</u>						
PROGRAM REVENUES:						
Charges for Services	\$ 899,855	1.17%	\$ 1,152,577	1.56%	\$ (252,722)	-21.93%
Operating Grants	1,971,038	2.56%	2,026,019	2.74%	(54,981)	-2.71%
GENERAL REVENUES:						
Property Taxes	49,453,038	64.19%	47,296,063	64.05%	2,156,975	4.56%
Other Tax Items	883,427	1.15%	781,021	1.06%	102,406	13.11%
School Tax Relief (STAR)	2,794,153	3.63%	3,264,866	4.42%	(470,713)	-14.42%
Use of Money & Property	676,194	0.88%	939,550	1.27%	(263,356)	-28.03%
Sale of Property	13,965	0.02%	39,662	0.05%	(25,697)	-64.79%
Miscellaneous	793,447	1.03%	822,896	1.11%	(29,449)	-3.58%
State Sources	19,542,569	25.37%	17,534,886	23.74%	2,007,683	11.45%
TOTAL REVENUES	77,027,686	100.00%	73,857,540	100.00%	3,170,146	4.29%
<u>EXPENSES</u>						
General Support	9,740,010	11.21%	7,468,327	9.71%	2,271,683	30.42%
Instruction	43,070,936	49.58%	41,425,648	53.84%	1,645,288	3.97%
Pupil Transportation	3,141,179	3.61%	3,343,623	4.35%	(202,444)	-6.05%
Other Expenses	20,604	0.02%	22,705	0.03%	(2,101)	-9.25%
Employee Benefits	27,897,483	32.10%	21,239,975	27.61%	6,657,508	31.34%
Debt Service Interest	626,228	0.72%	943,321	1.23%	(317,093)	-33.61%
Depreciation	1,763,524	2.03%	1,625,734	2.11%	137,790	8.48%
Capital Outlay	61,591	0.07%	168,861	0.22%	(107,270)	-63.53%
School Lunch Program	576,349	0.66%	690,396	0.90%	(114,047)	-16.52%
TOTAL EXPENSES	86,897,904	100.00%	76,928,590	100.00%	9,969,314	12.96%
CHANGES IN NET POSITION	\$ (9,870,218)		\$ (3,071,050)		\$ (6,799,168)	-221.40%

GOSHEN CENTRAL SCHOOL DISTRICT
GOSHEN, NEW YORK

**SOURCES OF REVENUES
FOR THE YEAR ENDED JUNE 30, 2020**

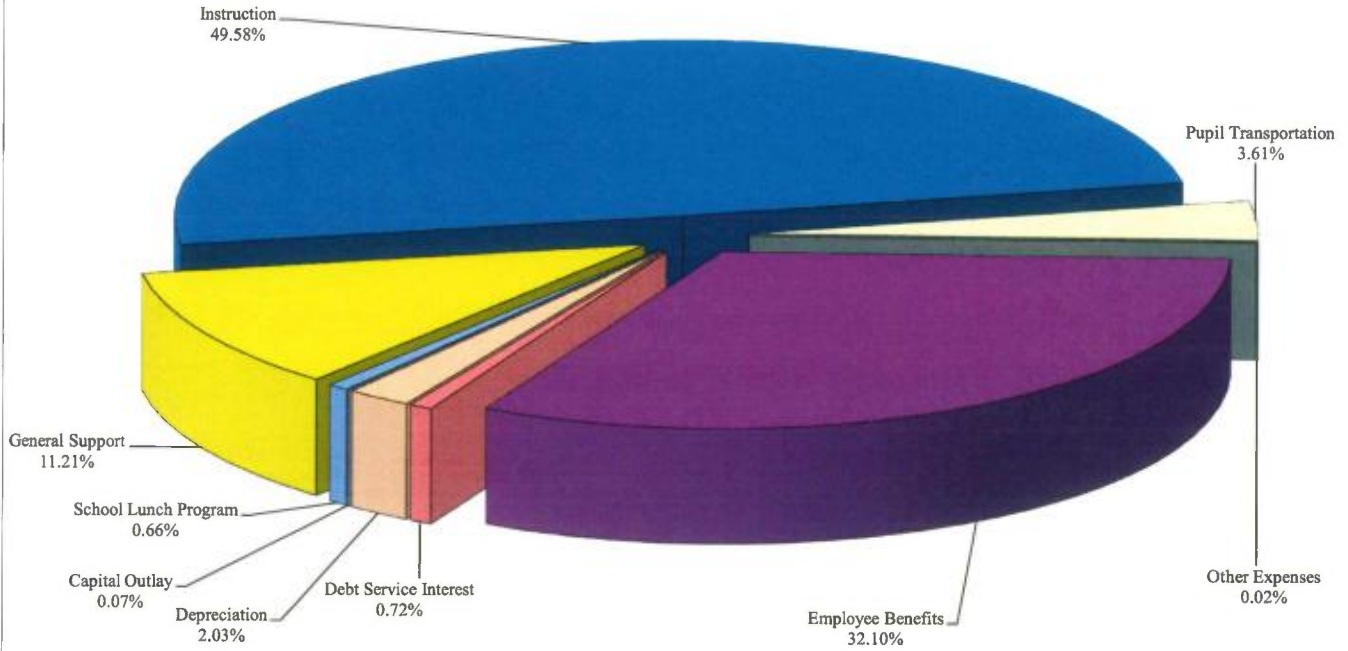


**SOURCES OF REVENUES
FOR THE YEAR ENDED JUNE 30, 2019**



GOSHEN CENTRAL SCHOOL DISTRICT
GOSHEN, NEW YORK

EXPENSES FOR THE YEAR ENDED JUNE 30, 2020



EXPENSES FOR THE YEAR ENDED JUNE 30, 2019

