

**CITY SCHOOL DISTRICT  
OF THE CITY OF SCHENECTADY**

**Financial Statements and Independent Auditor's Reports  
as of and for the Year Ended  
June 30, 2021**

**Bonadio & Co., LLP**  
Certified Public Accountants

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## **INDEPENDENT AUDITOR'S REPORT**

October 29, 2021

To the Board of Education of  
City School District of the City of Schenectady:

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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(Continued)

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of City School District of the City of Schenectady, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter – Change in Accounting Principle***

As discussed in Note 14, during 2021 the School District adopted Governmental Accounting Standards Board Statement 84 – *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of net pension liability (asset), schedule of contributions – pension plans, and changes in total OPEB liability and related ratios 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 School District's financial statements as a whole. The supplementary information described in the table of contents as required by the New York State Education Department is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information required by the NYS Education Department has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021, on our consideration of the 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 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 the School District's internal control over financial reporting and compliance.

# CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) JUNE 30, 2021

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*The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2021. The section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund 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 School District's financial statements, which immediately follow this section.*

### FINANCIAL HIGHLIGHTS

- For the year ended June 30, 2021 net position was a deficit of \$152,070,586, a decrease of \$8,632,972 from June 30, 2020.
- Total general fund balance as of June 30, 2021 was \$38.0 million and the School District had a net surplus of \$3.8 million.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: Management's Discussion and Analysis (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 School District:

- The first two statements are *government-wide* financial statements that provide both *short-term* and *long-term* information about the School District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the government-wide statements. The fund financial statements concentrate on the School District's most significant funds with all other non-major funds listed in total in one column.
- 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 School 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 School District's budget for the year.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

**Figure A-1**

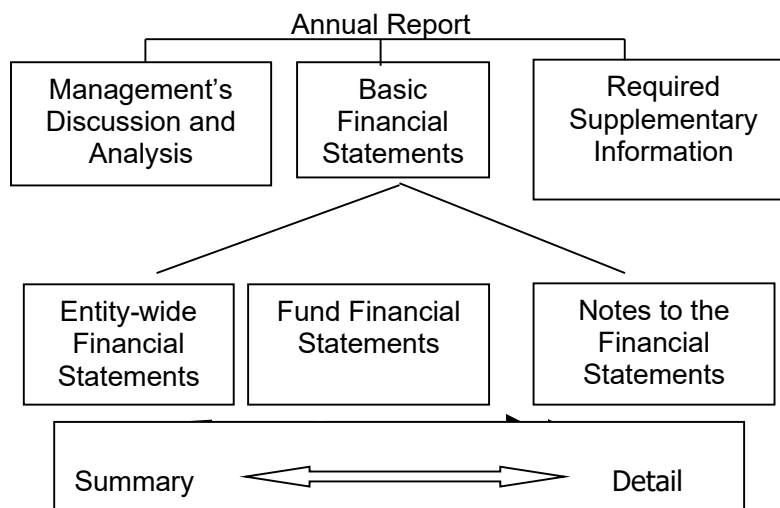


Figure A-2 summarizes the major features of the School District's financial statements, including a portion of the School District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

**Figure A-2** Major Features of the Government-Wide and Fund Financial Statements:

	Fund Financial Statements		
	Government-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The day-to-day operating activities of the School District, such as instruction and special education.	Instances in which the School 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"> <li>Statement of net position</li> <li>Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>Balance sheet</li> <li>Statement of revenue, expenditures, and change in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>Statement of fiduciary net position</li> <li>Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.	Accrual accounting and economic resources focus.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

**Figure A-2** Major Features of the Government-Wide and Fund Financial Statements: (Continued)

		Fund Financial Statements (Continued)	
	Government-Wide	Governmental Funds	Fiduciary Funds
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 expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can.
Type of inflow/out flow information	All revenue and expenses during year, regardless of when cash is received or paid.	Revenue 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.

### Government-Wide Statements

The government-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets/deferred outflows of resources and liabilities/deferred inflows of resources. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

Net position of the governmental activities differs from governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balance.



## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

### Government-Wide Statements (Continued)

Government-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position:

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
  - Net investment in capital assets.
  - Restricted net position has constraints placed on use by external sources or imposed by law.
  - Unrestricted net position does not meet any of the above restrictions.

### Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds – not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

The School District has two types of funds:

- *Governmental Funds:* Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets 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 financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds financial statements explains the relationship (or differences) between them. The governmental fund financial statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, capital project funds, and debt service fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.
- *Proprietary Funds:* This fund consists of an internal service fund. The internal service fund accounts for operations that provide services to other departments or other governments on a cost reimbursement basis.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

**Figure A-3 Condensed Statement of Net Position (in thousands of dollars)**

	Fiscal Year <u>2021</u>	Fiscal Year <u>2020</u>	Percent <u>Change</u>
Current and other assets	\$ 106,748	\$ 73,564	45.1%
Noncurrent assets	<u>223,571</u>	<u>214,834</u>	4.1%
Total assets	<u>330,319</u>	<u>288,398</u>	14.5%
Deferred outflows of resources	<u>108,486</u>	<u>110,226</u>	-1.6%
Current liabilities	103,027	52,571	96.0%
Long-term liabilities	<u>374,825</u>	<u>432,764</u>	-13.4%
Total liabilities	<u>477,852</u>	<u>485,335</u>	-1.5%
Deferred inflows of resources	<u>113,024</u>	<u>57,002</u>	98.3%
Net position:			
Net investment in capital assets	92,455	94,753	-2.4%
Restricted	27,863	28,291	-1.5%
Unrestricted	<u>(272,389)</u>	<u>(266,757)</u>	2.1%
Total net position	<u>\$ (152,071)</u>	<u>\$ (143,713)</u>	5.8%

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

### Changes in Net Position

The School District's 2021 revenue was \$213,857,584 (see Figure A-4). New York State aid and property taxes accounted for the majority of revenue by contributing 60% and 21% of the total revenue raised, respectively (see Figure A-5). The remainder of revenue came from charges for services, use of money and property, operating grants, and other miscellaneous sources.

The total cost of all programs and services totaled \$222,490,556 for 2021, (see Figure A-4). These expenses (85% in 2021) are predominantly for the education, supervision, and transportation of students (see Figure A-6). The School District's general support expenses remained relatively consistent at 13% of total costs in 2021. General support expenses include the administrative and business activities of the School District.

Net position decreased by approximately \$8.7 million in 2021.

**Figure A-4 Changes in Net Position from Operating Results (in thousands of dollars)**

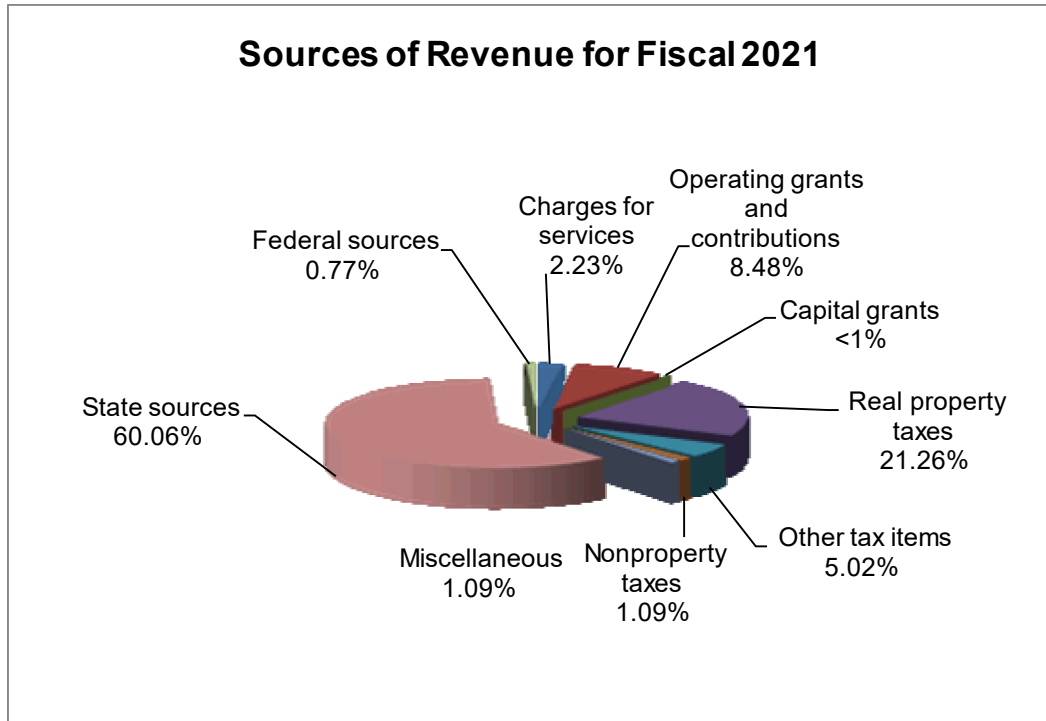
	Fiscal Year <u>2021</u>	Fiscal Year <u>2020</u>	Percent <u>Change</u>
<u>Revenue</u>			
Program revenue:			
Charges for services	\$ 4,761	\$ 5,105	-6.7%
Operating grants and contributions	18,136	24,984	-27.4%
General revenue:			
Taxes	58,529	58,688	-0.3%
State formula aid	128,450	134,840	-4.7%
Federal aid	1,185	34	3385.3%
Medicaid reimbursement	463	930	-50.2%
Use of money and property	54	335	-83.9%
Miscellaneous	<u>2,280</u>	<u>2,170</u>	5.1%
Total revenue	<u>213,858</u>	<u>227,086</u>	-5.8%
<u>Expenses</u>			
General support	28,239	27,878	1.3%
Instruction	175,749	190,653	-7.8%
Transportation	10,260	12,463	-17.7%
Debt service - Interest	2,688	2,720	-1.2%
Cost of sales - Food	<u>5,555</u>	<u>5,140</u>	8.1%
Total expenses	<u>222,491</u>	<u>238,854</u>	-6.9%
Change in net position	<u>\$ (8,633)</u>	<u>\$ (11,768)</u>	

The increase in Federal Aid is due to the receipt of the Federal Cares Act (COVID Relief) funds.

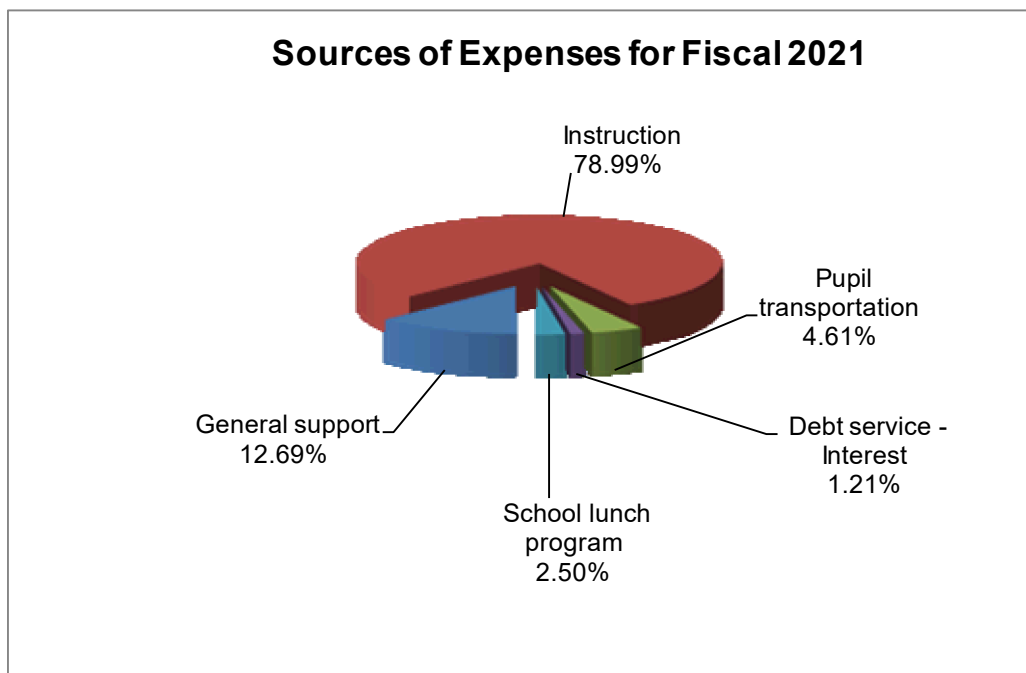
## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

Total expenses were \$222.5 million and \$238.9 million for the fiscal years ended 2021 and 2020 respectively, a decrease of \$16.4 million.

**Figure A-5: Sources of Revenue for 2021**



**Figure A-6: Sources of Expenses for 2021**



## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Variances between years for the governmental fund financial statements are not the same as variances between years for the government-wide financial statements. The School District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of presentation, governmental funds do not include long-term liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include proceeds from the issuance of debt, the current payments for capital assets, and the current payments for debt.

The following is a brief description of the activity in the governmental funds for 2021 and 2020:

*General Fund:* Revenues exceeded expenditures in the 2020-2021 year by \$3,795,211 and ended the year with a total fund balance of \$37,984,961.

*Special Aid:* By the nature of the fund, special aid does not generate a fund balance. Revenue is recognized as grants are expended. \$13,293,511 was received as state and federal grants in this fund.

*School Lunch:* The school lunch fund ended 2020-2021 fiscal year with a deficit of \$685,616 and a fund balance of \$4,252,111.

*Capital Projects:* \$23,836,156 was expended for capital projects for the year ended June 30, 2021. The capital fund deficit of \$29,552,857 at the beginning of the year increased to \$48,600,013. This deficit will be eliminated upon the receipt of bond proceeds for ongoing projects.

*Debt Service:* The debt service fund ended the current year with a fund balance of \$2,747,510.

### General Fund Budgetary Highlights

The 2020-2021 fiscal year ended with General Fund revenues exceeding expenditures by \$3,795,211. The District took several measures to reduce expenditures when the Governor announced a 20% withhold and/or reduction in state aid could be necessary if Federal COVID relief funds were not approved and released. The withhold and/or reduction to state aid never occurred, but savings were still realized. In particular, the District laid off several hundred staff at the beginning of the school year, shifted some instruction to a virtual model and temporarily closed several school buildings.

### Capital Assets

As of June 30, 2021, the School District had \$223,571,145 invested in a broad range of capital assets including land, buildings, athletic facilities, computers, and other educational equipment.

### Capital Assets (Net of Depreciation, in Thousands of Dollars)

<u>Category</u>	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>	<u>Percent Change</u>
Land	\$ 6	\$ 6	0.0%
Construction in progress	136,804	112,968	21.1%
Buildings and improvements	86,204	89,270	-3.4%
Furniture and equipment	<u>557</u>	<u>412</u>	35.2%
Total	<u>\$ 223,571</u>	<u>\$ 202,656</u>	10.3%

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

### Long-Term Liabilities

As of June 30, 2021, the School District had \$382.9 million of general obligation and other long-term liabilities outstanding. More detailed information about the School District's long-term liabilities is included in the notes to the financial statements. The School District, because of its status as a small city school, is limited to issuing debt of no greater than 5% of its full assessed value. Currently, the School District is below its debt limit.

(In Thousands)		
<u>Category</u>	<u>Fiscal Year</u> <u>2021</u>	<u>Fiscal Year</u> <u>2020</u>
General obligation bonds (financed with property taxes)	\$ 81,390	\$ 92,185
Energy performance contract	4,689	-
Other long-term debt	<u>296,893</u>	<u>350,232</u>
Total	<u>\$ 382,971</u>	<u>\$ 442,417</u>

## FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

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

- The economic climate of New York State and the nation has been significantly impacted by the COVID-19 pandemic which began to impact the state economy in March, 2020. Significant Federal COVID relief aid has been promised to the District. CARES Act Funding, CRRSA Funding and American Rescue Plan Funding are all available to the District over the next few fiscal years. In addition, a substantial increase in Foundation Aid is expected in the 2021-22 fiscal year with assurances from New York State of further increases in 2022-23 and 2023-24.
- Employee benefits, including medical and dental insurance and pension costs, are a substantial cost for the School District. The School District has two self-funded medical plans and has one insured medical insurance plan. In January 2016, the School District established its second self-funded plan, and now has over 5 years' worth of claims history with this new plan. The School District has negotiated with the SFT- paraprofessional unit the elimination of the insured plan as an option for all unit members as of July 1, 2020. The District will continue to seek to grow membership in the two self-funded plans as the rate increases for these plans have been less than national trends for several years. Additionally, the School District has two self-funded dental plans which have done well. Two years ago the District issued a Request for Proposal of services for its Medicare Advantage plan which replaced the two plans that the District had offered and achieved significant cost savings. The employer's contribution rate to the Employee Retirement System and the Teachers Retirement System are impacted by the financial markets, and to the extent the pandemic negatively impacts the financial markets, there may be increases in the employer's contribution rate in future years.

## **FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE (Continued)**

- The School District must strategically set its tax levy, knowing that a simple majority vote is needed when the maximum allowable tax levy (calculated following an eight-step formula) is not exceeded, or in the alternative a 60% supermajority vote is necessary if the tax levy exceeds the maximum allowable tax levy. The supermajority vote applies additional pressure to the School District should a decision be made to exceed the maximum allowable tax levy. The School District is committed to decreasing the tax levy as long as it receives additional state aid. Since 2014-15, the School District has developed a structurally sound General Fund budget, while maintaining or reducing the tax levy and with no use of fund balance. In 2020-21, the tax levy reduction was 2.42%.
- Property valuation in the City of Schenectady increased for a fourth year. The equalization rate for the City decreased again from 100 to 90.70. In the Town of Rotterdam, the equalization rate decreased from 98 to 95 and there was a slight increase in the property valuation within the Town as well. The tax rate for the Town of Rotterdam residents went down over 8%, and the City of Schenectady residents received a slight decrease. The School District has maintained a Reserve for Tax Certioraris and as these continued to be settled we have been able to pay from the reserve and the reserve is funded at a level that it can pay for all known potential liabilities.
- There continues to be lower interest rates, which is beneficial to the School District when borrowing for its Capital Project Debt, but which reduces its interest revenue generated through the cash deposits.
- The School District's Moody rating has remained at a rating of A2. The financial status of the School District has continued to improve with increases in fund balance and restricted reserves, and the District continues to have an operating surplus.
- In May 2017, the voters approved a \$64.5 million project with a super-majority vote. This is the second Phase of the School District's Long-Range Facilities Plan, which is focused on significant renovation to five elementary buildings. These buildings will have worked performed to address items identified through the Building Condition Survey, which all districts are required to complete every five years. In addition, the School District will be able to address program needs of each building, which have been identified through meetings with individual Building Advisory Committees. In addition, there are three other buildings which will have some limited work, also identified as important upgrades through the Building Condition Survey.

## **CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

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

**Steve Zautner**  
**Interim Business Official**  
**City School District of the City of Schenectady**  
**108 Education Drive**  
**Schenectady, NY 12303**

**CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY**

**STATEMENT OF NET POSITION  
JUNE 30, 2021**

**ASSETS**

**CURRENT ASSETS:**

Cash - Unrestricted	\$ 66,304,706
Cash - Restricted	8,286,257
Taxes receivable	5,046,811
State and federal aid receivable	26,428,382
Accounts receivable	523,598
Due from other governments	141,356
Inventory	17,693
	<u>106,748,803</u>
Total current assets	

**NONCURRENT ASSETS:**

Capital assets, net	<u>223,571,145</u>
Total noncurrent assets	<u>223,571,145</u>

**TOTAL ASSETS** 330,319,948

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources - TRS pension	44,008,759
Deferred outflows of resources - ERS pension	10,219,275
Deferred outflows of resources - OPEB	<u>54,257,607</u>
Total deferred outflows of resources	<u>108,485,641</u>

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accrued liabilities	15,751,634
Accrued interest	1,959,082
Due to other governments	2,900,071
Bond anticipation notes payable	64,500,000
Due to Teachers' Retirement System	7,795,070
Due To Employee Retirement System	621,138
Unearned revenue	1,354,188
Other liabilities due within one year	66,134
Bonds payable due within one year	<u>8,080,000</u>
Total current liabilities	<u>103,027,317</u>

**LONG-TERM LIABILITIES:**

Bonds payable and premiums, less current portion	77,998,682
Compensated absences payable	11,211,189
Workers' compensation payable	1,021,900
Total other postemployment benefits	270,692,872
Other liabilities	699,128
Net pension liability - TRS	13,154,850
Net pension liability - ERS	<u>46,480</u>
Total long-term liabilities	<u>374,825,101</u>

**TOTAL LIABILITIES** 477,852,418

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources - TRS pension	8,037,862
Deferred inflows of resources - ERS pension	13,672,355
Deferred inflows of resources - OPEB	<u>91,313,540</u>
Total deferred inflows of resources	<u>113,023,757</u>

**NET POSITION**

Net investment in capital assets	92,454,770
Restricted	27,863,457
Unrestricted	<u>(272,388,813)</u>

**TOTAL NET POSITION** \$ (152,070,586)



# CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

		Program Revenue		Net (Expense)
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Revenue and Changes in Net Position</u>
FUNCTIONS/PROGRAMS:				
General support	\$ 28,239,094	\$ -	\$ -	\$ (28,239,094)
Instruction	175,749,051	4,760,186	13,274,894	(157,713,971)
Pupil transportation	10,259,684	-	-	(10,259,684)
Debt service - Interest	2,687,579	-	-	(2,687,579)
School lunch program	<u>5,555,148</u>	<u>631</u>	<u>4,860,749</u>	<u>(693,768)</u>
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ 222,490,556</u>	<u>\$ 4,760,817</u>	<u>\$ 18,135,643</u>	<u>(199,594,096)</u>
GENERAL REVENUE:				
Real property taxes				45,456,565
Other tax items				10,736,175
Nonproperty taxes				2,336,637
Use of money and property				54,127
Sale of property and compensation for loss				169,583
Miscellaneous				2,110,203
State sources				128,450,136
Federal sources				1,184,917
Medicaid reimbursement				<u>462,781</u>
TOTAL GENERAL REVENUE				<u>190,961,124</u>
CHANGE IN NET POSITION				<u>(8,632,972)</u>
TOTAL NET POSITION - beginning of year, as previously reported				(143,712,981)
RESTATEMENT (Note 14)				<u>275,367</u>
TOTAL NET POSITION - beginning of year, as restated				<u>(143,437,614)</u>
TOTAL NET POSITION - end of year				<u>\$ (152,070,586)</u>

The accompanying notes are an integral part of these statements.

**CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	<b>Governmental Fund Types</b>						<b>Total Governmental Funds</b>
	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Miscellaneous Special Revenue</u>	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 36,107,601	\$ -	\$ 4,259,439	\$ 19,462,307	\$ -	\$ -	\$ 59,829,347
Cash - Restricted	-	-	-	-	7,959,652	326,605	8,286,257
Taxes receivable	5,046,811	-	-	-	-	-	5,046,811
Due from other funds	16,844,500	177,376	3,277	3,000,560	-	-	20,025,713
State and federal aid	16,177,641	8,346,481	1,901,175	3,085	-	-	26,428,382
Accounts receivable	249,294	-	-	-	-	-	249,294
Due from other governments	141,356	-	-	-	-	-	141,356
Inventory	-	-	17,693	-	-	-	17,693
<b>TOTAL ASSETS</b>	<b>\$ 74,567,203</b>	<b>\$ 8,523,857</b>	<b>\$ 6,181,584</b>	<b>\$ 22,465,952</b>	<b>\$ 7,959,652</b>	<b>\$ 326,605</b>	<b>\$ 120,024,853</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>							
<b>LIABILITIES:</b>							
Accounts payable and accrued liabilities	\$ 9,275,847	\$ 829,702	\$ 1,893,191	\$ 2,344,794	\$ -	\$ -	\$ 14,343,534
Due to other funds	4,742,730	7,204,771	24,544	4,221,171	5,212,142	-	21,405,358
Bond Anticipation notes payable	-	-	-	64,500,000	-	-	64,500,000
Due to other governments	2,900,071	-	-	-	-	-	2,900,071
Due to Teachers' Retirement System	7,795,070	-	-	-	-	-	7,795,070
Due to Employees' Retirement System	609,400	-	11,738	-	-	-	621,138
Unearned revenue	22,765	489,384	-	-	-	-	512,149
<b>Total liabilities</b>	<b>25,345,883</b>	<b>8,523,857</b>	<b>1,929,473</b>	<b>71,065,965</b>	<b>5,212,142</b>	<b>-</b>	<b>112,077,320</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Deferred property taxes	4,453,913	-	-	-	-	-	4,453,913
Deferred excess state aid	6,782,446	-	-	-	-	-	6,782,446
<b>Total deferred inflows of resources</b>	<b>11,236,359</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,236,359</b>

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

## CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY

## BALANCE SHEET - GOVERNMENTAL FUNDS

(Continued)

JUNE 30, 2021

	Governmental Fund Types						Total Governmental Funds
	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Miscellaneous Special Revenue</u>	
<b>FUND BALANCE</b>							
Nonspendable							
Inventory	-	-	17,693	-	-	-	17,693
Total nonspendable fund balance	-	-	17,693	-	-	-	17,693
Restricted							
Workers' compensation	2,375,588	-	-	-	-	-	2,375,588
Unemployment insurance	275,846	-	-	-	-	-	275,846
Debt service	-	-	-	-	2,747,510	-	2,747,510
Liability claims and property loss	152,573	-	-	-	-	-	152,573
Insurance	118,084	-	-	-	-	-	118,084
Tax certiorari	3,715,306	-	-	-	-	-	3,715,306
Retirement - ERS	6,755,372	-	-	-	-	-	6,755,372
Retirement - TRS	3,001,451	-	-	-	-	-	3,001,451
Employee benefits	1,747,655	-	-	-	-	-	1,747,655
Capital reserve	2,003,147	-	-	-	-	-	2,003,147
Repair	4,644,320	-	-	-	-	-	4,644,320
Other	-	-	-	-	-	326,605	326,605
Total restricted fund balance	24,789,342	-	-	-	2,747,510	326,605	27,863,457
Assigned							
Appropriated for subsequent year's expenditures	300,000	-	-	-	-	-	300,000
Unappropriated	7,479,185	-	4,234,418	-	-	-	11,713,603
Total assigned fund balance	7,779,185	-	4,234,418	-	-	-	12,013,603
Unassigned	5,416,434	-	-	(48,600,013)	-	-	(43,183,579)
Total fund balance (deficit)	37,984,961	-	4,252,111	(48,600,013)	2,747,510	326,605	(3,288,826)
Total liabilities, deferred inflows of resources, and fund balance (deficit)	\$ 74,567,203	\$ 8,523,857	\$ 6,181,584	\$ 22,465,952	\$ 7,959,652	\$ 326,605	\$ 120,024,853

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

**CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY, NEW YORK**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO GOVERNMENT-WIDE NET POSITION  
JUNE 30, 2021**

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A reconciliation of total governmental fund balance to government-wide net position follows:

Total governmental fund deficit per above	\$ (3,288,826)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	223,571,145
Long-term liabilities, including bonds payable, installment purchase debt, other liabilities, compensated absences and workers' compensation, are not due and payable in the current period and, therefore, are not reported in the funds	(99,077,033)
Pension plans' activity required to be recorded in the government-wide financial statements:	
Deferred outflows of resources - TRS	44,008,759
Deferred outflows of resource - ERS	10,219,275
Net pension liability - TRS	(13,154,850)
Net pension liability - ERS	(46,480)
Deferred inflows of resources - TRS	(8,037,862)
Deferred inflows of resources - ERS	(13,672,355)
Unearned revenue is considered earned in the current year and recognized as revenue under full accrual accounting	11,236,359
Other postemployment benefits activity required to be recorded in the government-wide financial statements:	
Deferred outflows of resources	54,257,607
OPEB liability	(270,692,872)
Deferred inflows of resources	(91,313,540)
Interest payable at June 30, 2021, in the government-wide statements is recorded as an expense under full accrual accounting	(1,959,082)
Internal service funds are used by management to charge costs of certain activities, such as health insurance, to individual funds. The net position of internal service funds is reported with governmental activities.	<u>5,879,169</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (152,070,586)</u>

**CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY**

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Miscellaneous Special Revenue</u>	<u>Total Governmental Funds</u>
REVENUE:							
Real property taxes	\$ 45,941,714	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,941,714
Other tax items	10,736,175	-	-	-	-	-	10,736,175
Nonproperty taxes	2,336,637	-	-	-	-	-	2,336,637
Charges for services	331,015	-	-	-	-	-	331,015
Use of money and property	(2,665)	-	256	-	56,021	-	53,612
Sale of property and compensation for loss	169,452	-	-	-	-	-	169,452
Miscellaneous	1,337,591	18,617	52,297	-	-	85,076	1,493,581
Interfund revenues	169,743	-	-	-	-	-	169,743
State sources	130,235,371	4,703,461	150,473	-	-	-	135,089,305
Federal sources	1,184,917	8,571,433	4,710,276	-	-	-	14,466,626
Medicaid reimbursement	462,781	-	-	-	-	-	462,781
Sales - School Lunch Fund	-	-	631	-	-	-	631
Total revenue	<u>192,902,731</u>	<u>13,293,511</u>	<u>4,913,933</u>	<u>-</u>	<u>56,021</u>	<u>85,076</u>	<u>211,251,272</u>
EXPENDITURES:							
General support	18,504,516	-	-	-	-	-	18,504,516
Instruction	108,808,215	13,417,822	-	-	-	-	122,226,037
Pupil transportation	10,049,630	106,633	-	-	-	-	10,156,263
Employee benefits	38,441,544	-	44,401	-	-	-	38,485,945
Debt service - Principal	-	-	-	-	9,590,000	-	9,590,000
Debt service - Interest	-	-	-	-	3,906,063	-	3,906,063
Other	-	-	-	-	-	33,838	33,838
Cost of sales	-	-	5,555,148	-	-	-	5,555,148
Capital outlay	-	-	-	23,836,156	-	-	23,836,156
Total expenditures	<u>175,803,905</u>	<u>13,524,455</u>	<u>5,599,549</u>	<u>23,836,156</u>	<u>13,496,063</u>	<u>33,838</u>	<u>232,293,966</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>17,098,826</u>	<u>(230,944)</u>	<u>(685,616)</u>	<u>(23,836,156)</u>	<u>(13,440,042)</u>	<u>51,238</u>	<u>(21,042,694)</u>
OTHER SOURCES AND (USES):							
Premiums on bond issuance	-	-	-	-	447,010	-	447,010
Proceeds from issuance of installment purchase debt	-	-	-	4,689,000	-	-	4,689,000
Operating transfers in	-	230,944	-	100,000	12,972,671	-	13,303,615
Operating transfers (out)	(13,303,615)	-	-	-	-	-	(13,303,615)
Total other sources (uses)	<u>(13,303,615)</u>	<u>230,944</u>	<u>-</u>	<u>4,789,000</u>	<u>13,419,681</u>	<u>-</u>	<u>5,136,010</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>3,795,211</u>	<u>-</u>	<u>(685,616)</u>	<u>(19,047,156)</u>	<u>(20,361)</u>	<u>51,238</u>	<u>(15,906,684)</u>
FUND BALANCE (DEFICIT) - beginning of year, as previously reported	34,189,750	-	4,937,727	(29,552,857)	2,767,871	-	12,342,491
RESTATEMENT (Note 14)	-	-	-	-	-	275,367	275,367
FUND BALANCE (DEFICIT) - beginning of year, as restated	<u>34,189,750</u>	<u>-</u>	<u>4,937,727</u>	<u>(29,552,857)</u>	<u>2,767,871</u>	<u>275,367</u>	<u>12,617,858</u>
FUND BALANCE (DEFICIT)- end of year	<u>\$ 37,984,961</u>	<u>\$ -</u>	<u>\$ 4,252,111</u>	<u>\$ (48,600,013)</u>	<u>\$ 2,747,510</u>	<u>\$ 326,605</u>	<u>\$ (3,288,826)</u>

The accompanying notes are an integral part of these statements.

## CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY

### RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

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Net changes in fund balance (deficit) - Total governmental funds	\$ (15,906,684)
Capital outlays, net of disposals, are expenditures in governmental funds, but are capitalized in the statement of net position	24,254,561
Depreciation is not recorded as a expenditure in the governmental funds, but is recorded in the statement of activities	(3,339,721)
Pension income (expense) resulting from GASB 68 related reporting is not recorded as a revenue (expenditure) in the governmental funds, but is recorded in the statement of activities	(9,240,309)
Repayments of long-term debt, other liabilities, and installment purchase debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position	9,652,292
Proceeds from issuance of installment purchase debt are recorded as revenues in the governmental funds, but are recorded as increases in liabilities in the statement of net position	(4,689,000)
Amortization of bond premium is recognized as expense	1,205,490
Certain revenue in the statement of activities are recognized as revenue in the government wide statements but not recognized as revenue under the modified accrual basis of accounting during the year	(2,270,384)
Certain expenses in the statement of activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds	(414,346)
Accrued postemployment benefits do not require the expenditure of current resources and are, therefore not reported as expenditures in the governmental funds	(6,995,975)
The change in net position for the internal service fund is reported in the proprietary fund and, therefore is not reported in the governmental funds	<u>(888,896)</u>
Change in net position - Governmental activities	<u>\$ (8,632,972)</u>

The accompanying notes are an integral part of these statements.

**CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY****STATEMENT OF NET POSITION - INTERNAL SERVICE FUND  
JUNE 30, 2021**

	<u>Self- Insurance</u>
<b>ASSETS:</b>	
Cash - Unrestricted	\$ 6,475,359
Accounts receivable	274,304
Due from other funds	<u>1,384,996</u>
Total assets	<u>8,134,659</u>
<b>LIABILITIES:</b>	
Accounts payable	505,833
Due to other funds	5,351
Unearned revenue	842,039
IBNR payable	<u>902,267</u>
Total liabilities	<u>2,255,490</u>
<b>NET POSITION:</b>	
Unrestricted	<u>\$ 5,879,169</u>

**CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET  
POSITION - INTERNAL SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Self- Insurance</u>
Operating Revenue:	
Employer contribution	\$ 14,475,967
Retiree contribution	665,040
Employee contribution	2,162,983
Medicare/prescription/cobra	1,601,148
Stop loss	<u>-</u>
	<u>18,905,138</u>
Operating Expenses:	
Medical claims paid	11,887,202
Dental claims paid	735,732
Prescription claims paid	6,259,849
Administration fees	682,558
Stop loss insurance	<u>229,208</u>
	<u>19,794,549</u>
Income from operations	(889,411)
Non-operating revenues - interest and earnings	<u>515</u>
CHANGE IN NET POSITION	(888,896)
NET POSITION - beginning of year	<u>6,768,065</u>
NET POSITION - end of year	<u>\$ 5,879,169</u>

The accompanying notes are an integral part of these statements.

## CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY

### STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUND FOR THE YEAR ENDED JUNE 30, 2021

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#### CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from employer	\$ 15,487,866
Receipts from employees/retirees	2,800,061
Rebates/Cobra received	1,601,148
Medical claims paid	(18,625,095)
Administration fees	(782,611)
Stop loss insurance	(229,208)
Net cash provided by operating activities	<u>252,161</u>

#### CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and earnings	<u>515</u>
Net cash provided by investing activities	<u>515</u>

NET INCREASE IN CASH 252,676

CASH - beginning of year 6,222,683

CASH - end of year \$ 6,475,359

#### RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating loss	\$ (889,411)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities	
Accounts receivable	(27,962)
Due from other funds	829,363
Due to other funds	5,351
Accounts payable	(100,053)
Unearned revenue	177,185
IBNR claims payable	<u>257,688</u>
Net cash provided by operating activities	<u>\$ 252,161</u>



# CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

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### 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City School District of the City of Schenectady provides K-12 public education to students living within its geographic borders.

The financial statements of City School District of the City of Schenectady (School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

#### **Reporting Entity**

The School District is governed by the laws of New York State and is an independent entity governed by an elected Board of Education. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the School District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the School District is based upon criteria set forth by GAAP. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

#### **Extraclassroom Activity Funds**

The extraclassroom activity funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the School District's business office. The School District accounts for assets held as an agent for various student organizations in the miscellaneous special revenue fund.

## **1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Joint Venture**

The School District is a component school district in Capital Region Board of Cooperative Education Services (BOCES). 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.

BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component school 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 school districts pay tuition or a service fee for programs in which its students participate.

### **Basis of Presentation**

The School District's financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund level financial statements which provide more detailed information.

#### Government-Wide Statements

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

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

#### Fund Financial Statements

The School District uses funds to maintain its accounting records. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

## 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Basis of Presentation (Continued)

#### Fund Financial Statements (Continued)

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

The accounts of the School District are organized into funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenue, and expenditures. The various funds are summarized by type in the financial statements. Significant transactions between funds within a fund type have been eliminated. The fund types and account groups used by the School District are as follows:

#### Governmental Fund Types

Governmental funds are those in which most governmental functions of the School District are reported. The acquisition, use, and balances of the School District's expendable financial resources and the related liabilities (except those accounted for in the proprietary and fiduciary funds) are accounted for through the governmental funds. The measurement focus is upon determination of changes in financial position rather than upon determination of net income. The following are the School District's governmental fund types:

*General Fund:* This is the School District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

*Special Aid Fund:* This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

*School Lunch Fund:* This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for school lunch operations. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

*Capital Projects Funds:* These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

*Debt Service Fund:* This fund accounts for the accumulation of resources and payment of principal and interest on long-term general obligation debt of the governmental activities.

*Miscellaneous Special Revenue Fund* – This fund accounts for proceeds from various funding sources, which may be restricted by a donor or designated by the School District for specific purposes. The transactions of the Extraclassroom Activity Funds are included in this fund.

#### Proprietary Fund Types

*Proprietary Funds:* This fund consists of an internal service fund. The internal service fund accounts for operations that provide services to other departments or other governments on a cost reimbursement basis.

## **1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **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 dates of the financial statements and the reported revenue 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.

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

Measurement focus refers to what is being measured, whereas basis of accounting refers to when revenues and expenditures are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The School District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty 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.

The proprietary fund is used to account for ongoing organization activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position. Reporting is on the accrual basis of accounting with an economic resource measurement focus. Proprietary fund operating revenues, such as charges for services, result from exchange transactions that are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities.

## 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Cash and Cash Equivalents**

The School District participates in NYCLASS, a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law, whereby the District holds a portion of the investments in cooperation with other participants. At June 30, 2020, the District held \$28,806,640 in NYCLASS consisting of various investments in securities issued by the United States and its agencies. NYCLASS is rated 'AAAm' from Standard & Poor's Global Ratings. Amounts held with NYCLASS are highly liquid and the amount held represents the cost of the investment pool shares, which are considered to approximate fair value. Additional information concerning NYCLASS, including the annual report, can be found on its website [www.newyorkclass.org](http://www.newyorkclass.org).

### **Accounts Receivable**

Accounts receivable are shown gross. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

### **Inventories and Prepaid Expenditures**

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 inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid expenditures represent payments made by the School District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures in both the School District-wide and fund financial statements. These items are reported 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.

### **Interfund Transactions**

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

In the government-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the School District's practice to settle these amounts at a net balance based upon the right of legal offset.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Capital Assets**

Capital assets are reported at actual cost for acquisitions subsequent to July 1, 2002. For assets acquired prior to July 1, 2002, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$ 1,000	N/A	N/A
Buildings and improvements	\$20,000	SL	50
Furniture and equipment	\$ 1,000	SL	5-10

**Vested Employee Benefits**

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

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

Consistent with GAAP, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund statements, only the amount of matured liabilities is accrued within the general fund based on expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

**Retirement Benefits**

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

**Other Postemployment Benefits**

In addition to providing retirement benefits described, the School District provides postemployment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the School District. The School District pays a variable percentage of the cost of premiums to an insurance company that provides health care insurance.

## **1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Unearned Revenue**

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

Statute provides the authority for the School District to levy taxes to be used to finance expenditures within the first 60 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available. State aid revenue sources use a 90-day period of availability.

### **Short-Term Debt**

The School District may issue revenue anticipation notes (RANs) and tax anticipation notes (TANs), in anticipation of the receipt of revenue. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The School District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The School District may issue bond anticipation notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

### **Accrued Liabilities and Long-Term Obligations**

Payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources.

Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the 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 School District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Property Taxes**

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on September 1. Taxes are collected during the period August 31 to April 30.

The City of Schenectady enforces uncollected real property taxes. An amount representing all uncollected real property taxes must be transmitted by the City to the School District within two years from the notification of unpaid taxes to the City. Current year real property taxes receivable expected to be collected within 60 days of year-end are recognized as revenue. Otherwise, unearned revenues offset current year real property taxes receivable.

**Restricted Resources**

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the School 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.

**Net Position and Fund Balance Classifications**

Government-Wide Statements

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

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

Restricted net position – reports net position when constraints placed on the assets are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Restricted net position consists of the following:

Workers' compensation	\$ 2,375,588
Unemployment insurance	275,846
Debt service	2,747,510
Liability	152,573
Insurance	118,084
Tax certiorari	3,715,306
Retirement - ERS	6,755,372
Retirement - TRS	3,001,451
Employee benefits	1,747,655
Capital reserve	2,003,147
Repair	4,644,320
Other	<u>326,605</u>
Total restricted net position	<u>\$ 27,863,457</u>

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



# 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## Net Position and Fund Balance Classifications (Continued)

### Governmental Fund Statements

In the fund financial statements there are five classifications of fund balance:

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually are required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the school lunch fund.

Restricted fund balance – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The School District has available the following restricted fund balances:

#### Capital

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. Expenditures 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. This reserve is accounted for in the general fund under restricted fund balance.

#### Repair

Repair reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the general fund under restricted fund balance.

#### Workers' Compensation

Workers' compensation reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. 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. The reserve is accounted for in the general fund under restricted fund balance.

# **1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

## **Net Position and Fund Balance Classifications (Continued)**

### Governmental Fund Statements (Continued)

#### Unemployment Insurance

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

#### Debt Service

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 School 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 under restricted fund balance.

#### Insurance

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. The reserve is accounted for in the general fund under restricted fund balance.

#### Liability Claims and Property Loss

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 under restricted fund balance.

#### Tax Certiorari

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 under restricted fund balance.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Net Position and Fund Balance Classifications (Continued)**

Governmental Fund Statements (Continued)

Employee Benefit Accrued Liability

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due 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 under restricted fund balance.

Retirement Contribution

Retirement contribution reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of operation and condition of the fund must be provided to the board. This reserve is accounted for in the general fund under restricted fund balance.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the general fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Committed fund balance – Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, i.e., the Board of Education. The School District has no committed fund balance as of June 30, 2021.

Assigned fund balance – Includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the general fund are classified as assigned fund balance in the general fund. As of June 30, 2021, the School District's encumbrances were classified as follows:

Assigned fund balance:

General support	\$ 3,044,850
Instruction	<u>4,434,335</u>
Total encumbrances	<u>\$ 7,479,185</u>

Unassigned fund balance – Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District.

## 1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### **Net Position and Fund Balance Classifications (Continued)**

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the School District can retain to no more than 4% of the School District's budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

#### Order of Fund Balance Spending Policy

The School District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balance is determined first and then restricted fund balance for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as assigned fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

### **Fund Deficit**

The capital projects fund has a deficit fund balance of \$48,600,013. This deficit will be eliminated when the School District obtains permanent financing for its current construction projects and/or redeems its BANs through appropriations.

### **Explanation of Certain Differences Between Governmental Fund Statements and Government-wide Statements**

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

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

Total fund balances of the School District's governmental funds differ from net position of governmental activities reported in the statement of net position. This difference primarily results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheets.

#### *Statement of Revenue, Expenditures, and Changes in Fund Balance vs. Statement of Activities:*

Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories:

#### Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenue only when it is considered available, whereas the statement of activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.

#### Capital Related Differences

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

## **1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Explanation of Certain Differences Between Governmental Fund Statements and Government-wide Statements (Continued)**

#### Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

### **Stewardship and Compliance**

#### Budgets

The School District administration prepares a proposed budget for approval by the board of education for the following governmental fund for which legal (appropriated) budgets are adopted:

The voters of the School District approved the proposed appropriation budget for the general fund.

Appropriations are adopted at the program line level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances lapse if not expended in the subsequent year.

Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget, (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board of Education 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 previous year.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the School District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

## **2. CASH**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these notes.

## 2. CASH (Continued)

The School District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash, including trust funds	<u>\$ 21,005,127</u>	<u>\$ 18,716,083</u>
Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name	\$ 20,502,270	
Covered by FDIC insurance	<u>502,857</u>	
Total	<u>\$ 21,005,127</u>	

All bank balances are fully covered by depository insurance or collateral at June 30, 2021.

Restricted cash represents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. In addition to the amounts related to restricted net position, the following amounts are restricted in the fiduciary funds:

Debt service fund:	
Cash restricted for debt service payments	<u>\$ 7,959,652</u>
Miscellaneous Special Revenue Fund	
Cash restricted for extraclassroom activity funds	\$ 103,252
Cash restricted for scholarships	<u>223,353</u>
Total miscellaneous special revenue fund restricted cash	<u>\$ 326,605</u>

### Investment pool

The School District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

## 3. PARTICIPATION IN BOCES

During the year, the School District was billed \$18,477,639 for BOCES administrative and program costs.

The School District's share of BOCES aid amounted to \$5,426,072.

Financial statements for BOCES are available from the BOCES administrative office.

#### 4. CAPITAL ASSETS, NET

A summary of changes in capital assets, net is as follows:

	July 1, 2020 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	June 30, 2021 <u>Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 6,000	\$ -	\$ -	\$ 6,000
Construction in progress	<u>112,967,761</u>	<u>23,836,156</u>	<u>-</u>	<u>136,803,917</u>
Total non-depreciable historical cost	<u>112,973,761</u>	<u>23,836,156</u>	<u>-</u>	<u>136,809,917</u>
Capital assets that are depreciated:				
Buildings and improvements	154,531,947	-	-	154,531,947
Furniture and equipment	<u>16,704,677</u>	<u>418,405</u>	<u>-</u>	<u>17,123,082</u>
Total depreciable historical cost	<u>171,236,624</u>	<u>418,405</u>	<u>-</u>	<u>171,655,029</u>
Less accumulated depreciation:				
Buildings	65,261,695	3,066,346	-	68,328,041
Furniture and equipment	<u>16,292,385</u>	<u>273,375</u>	<u>-</u>	<u>16,565,760</u>
Total accumulated depreciation	<u>81,554,080</u>	<u>3,339,721</u>	<u>-</u>	<u>84,893,801</u>
Total capital assets, net	<u>\$202,656,305</u>	<u>\$ 20,914,840</u>	<u>\$ -</u>	<u>\$223,571,145</u>

Depreciation expense for the year ended June 30, 2021, was allocated to specific functions as follows:

General support	\$ 601,150
Instruction	2,705,174
School lunch program	<u>33,397</u>
	<u>\$ 3,339,721</u>

#### 5. SHORT-TERM DEBT

The School District may issue revenue anticipation notes (RAN) or tax anticipation notes (TAN), in anticipation of the receipt of revenue. These notes are recorded as a liability in the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The School District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which an insufficient or no provision is made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

## 5. SHORT-TERM DEBT (Continued)

The School District may issue bond anticipation notes (BAN) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities in the fund that will actually receive the proceeds from the issuance of bonds.

Outstanding short-term debt at June 30, 2021, is as follows:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	10/23/2020	2.00%	\$ 16,000,000	\$ -	\$ 16,000,000	\$ -
BAN	10/22/2021	1.25%	-	33,000,000	-	33,000,000
BAN	10/22/2021	1.00%	-	31,500,000	-	31,500,000
Total			<u>\$ 16,000,000</u>	<u>\$ 64,500,000</u>	<u>\$ 16,000,000</u>	<u>\$ 64,500,000</u>

## 6. LONG-TERM DEBT

Total interest on debt for the year was composed of:

Interest paid	\$ 3,906,063
Less: interest accrued in prior year	(1,972,076)
Less: amortization of bond premium	(1,205,490)
Plus: interest accrued in current year	<u>1,959,082</u>
Total expense	<u>\$ 2,687,579</u>



## 6. LONG-TERM DEBT (Continued)

Long-term debt balances and activity is as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year	Long term Portion
<u>Government Activities</u>						
Bonds and notes payable:						
General obligation debt:						
QSCB Bonds	\$ 3,045,000	\$ -	\$ 330,000	\$ 2,715,000	\$ 345,000	\$ 2,370,000
2014 Serial bonds	1,215,000	-	190,000	1,025,000	195,000	830,000
2012 Advanced refunding bonds	1,810,000	-	1,810,000	-	-	-
2014 Series B serial bonds	8,090,000	-	1,515,000	6,575,000	1,565,000	5,010,000
2014 Refunding of 2007 Serial Bonds	2,495,000	-	810,000	1,685,000	835,000	850,000
2015 Serial Bonds, 2015 Series A	5,975,000	-	935,000	5,040,000	960,000	4,080,000
2015 Serial Bonds, 2015 Series B	4,285,000	-	670,000	3,615,000	690,000	2,925,000
2018 Revenue Bonds, Series 2018E	56,825,000	-	3,210,000	53,615,000	3,365,000	50,250,000
2018 Revenue Bonds, 2019A	2,130,000	-	120,000	2,010,000	125,000	1,885,000
	<u>85,870,000</u>	<u>-</u>	<u>9,590,000</u>	<u>76,280,000</u>	<u>8,080,000</u>	<u>68,200,000</u>
Bond premium series 2018E	5,977,994	-	1,181,406	4,796,588	-	4,796,588
Bond premium series 2019A	337,178	-	24,084	313,094	-	313,094
Subtotal bonds payable	<u>92,185,172</u>	<u>-</u>	<u>10,795,490</u>	<u>81,389,682</u>	<u>8,080,000</u>	<u>73,309,682</u>
Energy Performance Contract	-	4,689,000	-	4,689,000	-	4,689,000
Total bonds and notes payable	<u>\$ 92,185,172</u>	<u>\$ 4,689,000</u>	<u>\$ 10,795,490</u>	<u>\$ 86,078,682</u>	<u>\$ 8,080,000</u>	<u>\$ 77,998,682</u>
<u>Other long-term debt:</u>						
Compensated absences	\$ 10,783,849	\$ 427,340 (A)	\$ -	\$ 11,211,189	\$ -	\$ 11,211,189
Workers' Compensation	1,021,900	-	-	1,021,900	-	1,021,900
Other postemployment benefits	325,084,496	23,483,043	77,874,667	270,692,872	-	270,692,872
Other liabilities	827,554	-	62,292	765,262	66,134	699,128
Net pension liability - TRS	-	13,154,850 (A)	-	13,154,850	-	13,154,850
Net pension liability - ERS	12,514,359	- (A)	12,467,879	46,480	-	46,480
Total other long-term debt	<u>\$350,232,158</u>	<u>\$ 37,065,233</u>	<u>\$ 90,404,838</u>	<u>\$296,892,553</u>	<u>\$ 66,134</u>	<u>\$296,826,419</u>

(A) Additions and deletions to compensated absences are shown net because it is impractical to determine these amounts separately.

### Advance Refunding of Bonds

On October 15, 2014, the School District issued \$5,015,000 in General Obligation Bonds with an average interest rate of 2.44% to advance refund \$4,695,000 of outstanding 2007 Series bonds with an average interest rate of 4.35%. The net proceeds of \$5,083,607 (after payment of \$95,066 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities.

Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 2007 Series bonds. \$1,310,000 of the 2007 Series bonds was not refunded and was fully paid by June 30, 2017. As a result, the refunded portion of the 2007 Series bonds is considered removed from long-term debt.

The School District advance refunded the portion of the 2007 Series bonds to reduce its total debt service payments over the next 9 years by \$298,552 and to obtain an economic gain (difference between the present values of the debt service payments on the old and the new debt) of \$282,615.

## 6. LONG-TERM DEBT (Continued)

### Energy Performance Contract

During 2020, the School District entered into an energy performance contract totaling \$9,378,000. Upon signing the contract and securing financing, the School District was required to pay 50% of the total amount of the contract, \$4,689,000. The remaining 50% is due in monthly installments as work progresses. Subsequent to year end, the total amount paid under this contract, including the initial down payment and monthly progress billings was \$6,072,213. Ultimately, the maximum amount due under this contract will be \$9,378,000.

Upon contract completion, the total amount due will be amortized and paid over a 15-year repayment schedule.

Issue dates, maturities, and interest rates on outstanding debt are as follows:

<u>Bond Issue</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance as of June 30, 2021</u>
QSCB Bonds	2012	2027	1.30-4.30%	\$ 2,715,000
2014 Serial Bonds	2014	2026	2.25-2.75%	1,025,000
2014 Series B serial bonds	2014	2025	1.00-3.00%	6,575,000
2014 Refunding of 2007 Serial Bonds	2014	2023	2.00-4.00%	1,685,000
2015 Serial Bonds, 2015 Series A	2015	2026	3.00%	5,040,000
2015 Serial Bonds, 2015 Series B	2015	2026	2.00-2.625%	3,615,000
2018 Revenue Bonds, Series 2018E	2018	2033	5.00%	53,615,000
2019 Revenue Bonds, 2019A	2019	2033	3.00-5.00%	2,010,000
Total				<u>\$ 76,280,000</u>

The following is a summary of the maturity of bonds payable:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 8,080,000	\$ 3,240,034	\$ 11,320,034
2023	8,385,000	2,935,779	11,320,779
2024	7,830,000	2,629,037	10,459,037
2025	8,130,000	2,317,438	10,447,438
2026	6,685,000	2,016,642	8,701,642
2027-2031	25,515,000	6,155,025	31,670,025
2032-2033	<u>11,655,000</u>	<u>596,125</u>	<u>12,251,125</u>
Totals	<u>\$ 76,280,000</u>	<u>\$ 19,890,080</u>	<u>\$ 96,170,080</u>

## 7. INTERFUND BALANCES AND ACTIVITY

	Interfund		Interfund	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenue</u>	<u>Expenditure</u>
General fund	\$ 16,844,500	\$ 4,742,730	\$ -	\$ 13,303,615
Special aid fund	177,376	7,204,771	230,944	-
School lunch fund	3,277	24,544	-	-
Capital projects fund	3,000,560	4,221,171	100,000	-
Debt service fund	-	5,212,142	12,972,671	-
Internal Service Fund	<u>1,384,996</u>	<u>5,351</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 21,410,709</u>	<u>\$ 21,410,709</u>	<u>\$ 13,303,615</u>	<u>\$ 13,303,615</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net position.

The School 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.

## 8. PENSION PLANS

### New York State Employees' Retirement System

The School District participates in the New York State and Local Employee's Retirement System (ERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer retirement system, providing retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), established to hold all net assets and record changes in plan net position allocated to the System. System benefits are established under the provisions of the New York Retirement and Social Security Law (RSSL). Once an employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The system is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

### *Contributions*

The system is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27<sup>th</sup>, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

## 8. PENSION PLANS (Continued)

### New York State Employees' Retirement System (Continued)

#### *Contributions (Continued)*

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

2021	\$ 2,235,341
2020	\$ 1,981,530
2019	\$ 2,121,432

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

At June 30, 2021, the School District reported a liability of \$46,480 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2020. The School District's proportion of the net pension liability was based on a projection of the School Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2021, the School District's proportion was 0.0466785%, which was an decrease of .0005801% from its proportion measured at June 30, 2020.

For the year ended June 30, 2021, the School District recognized pension expense of \$13,024,028. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 567,642	\$ -
Changes of Assumptions	8,546,107	161,182
Net difference between projected and actual earnings on pension plan investments	-	13,351,690
Changes in proportion and differences between the District's contributions and proportionate share of contributions	496,126	159,483
Contributions subsequent to the measurement date	609,400	-
	<u>\$ 10,219,275</u>	<u>\$ 13,672,355</u>

Of the total reported as deferred outflows of resources, \$604,400 related to the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

## 8. PENSION PLANS (Continued)

### New York State Employees' Retirement System (Continued)

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

The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended March 31:

2022	\$ (669,785)
2023	(186,438)
2024	(684,222)
2025	(2,522,035)
2026	-
Thereafter	-
	<u>\$ (4,062,480)</u>

#### **Actuarial Assumptions**

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

Actuarial cost method	Entry age normal
Inflation	2.70%
Salary scale	4.40%
Projected COLAs	1.40%
Decrement	Developed from the Plan's 2020 experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2020
Investment Rate of Return	5.9% compounded annually, net of investment expenses

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2021 is summarized below:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-term expected real rate or return</u>
Domestic Equity	32.0%	4.05%
International Equity	15.0%	6.30%
Private Equity	10.0%	6.75%
Real Estate	9.0%	4.95%
Opportunistic/ARS Portfolio	3.0%	4.50%
Credit	4.0%	3.63%
Real Assets	3.0%	5.95%
Fixed Income	23.0%	0.00%
Cash	1.0%	0.50%
	<u>100.0%</u>	

## 8. PENSION PLANS (Continued)

### New York State Employees' Retirement System (Continued)

#### **Discount Rate**

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

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

#### **Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**

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

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

	1 % Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Proportionate Share of Net Pension liability (asset)	\$ 12,900,950	\$ 46,480	\$ (11,808,351)

#### **Pension Plan Fiduciary Net Position**

The components of the current-year net pension liability of the employers as of March 31, 2021, were as follows:

	Pension Plan's Fiduciary Net Position
Total pension liability	\$ 220,680,157,000
Net position	(220,580,583,000)
Net pension liability (asset)	\$ 99,574,000
Fiduciary net position as % of total pension liability	99.95%

## 8. PENSION PLANS (Continued)

### New York State Teachers' Retirement System

The School District participates in the New York State Teachers' Retirement System (NYSTRS). This is a cost-sharing, multiple employer public employee retirement system. The system offers 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.

The New York State Teachers' Retirement Board administers NYSTRS. The system provides 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.

#### *Contributions*

The System is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The School District is required to contribute at an actuarially determined rate. The School 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:

2021	\$ 7,159,112
2020	\$ 8,309,307
2019	\$ 7,439,635

### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2021, the School District reported a liability of \$13,154,850 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2019. The School District's proportion of the net pension asset was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2020, the School District's proportion was 0.4760610%, which was an increase of 0.0073110% from its proportion measured at June 30, 2019.

## 8. PENSION PLANS (Continued)

### New York State Teachers' Retirement System (Continued)

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

For the year ended June 30, 2021, the School District recognized pension expense of \$17,494,899. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,526,281	\$ 674,161
Changes of Assumptions	16,637,824	5,930,515
Net difference between projected and actual earnings on pension plan investments	8,591,271	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	155,332	1,433,186
Contributions subsequent to the measurement date	7,098,051	-
	<u>\$ 44,008,759</u>	<u>\$ 8,037,862</u>

Of the total reported as deferred outflows of resources, \$7,098,051 related to the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

#### Plan's Year Ended June 30:

2021	\$ 4,857,447
2022	10,077,617
2023	8,195,917
2024	5,068,531
2025	132,236
Thereafter	541,098
	<u>\$ 28,872,846</u>

#### **Actuarial Assumptions**

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



## 8. PENSION PLANS (Continued)

### New York State Teachers' Retirement System (Continued)

#### **Actuarial Assumptions (Continued)**

These actuarial valuations used the following actuarial assumptions:

Inflation	2.20%
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.
	Service    Rate
	5    4.72%
	15   3.46%
	25   2.37%
	35   1.90%
Projected COLAs	1.3% compounded annually
Investment Rate of Return	7.10% compounded annually, net of pension plan investment expense, including inflation.

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2019, applied on a generational basis. Active member mortality rates are based on plan member experience.

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

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of the measurement date of June 30, 2020 is summarized in the following table:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-term expected real rate or return</u>
Domestic Equity	33.0%	7.1%
International Equity	16.0%	7.7%
Global Equity	4.0%	7.4%
Real Estate Equity	11.0%	6.8%
Private Equity	8.0%	10.4%
Domestic Fixed Income	16.0%	1.8%
Global Bonds	2.0%	1.0%
High-yield Bonds	1.0%	3.9%
Private Debt	1.0%	5.2%
Real Estate Debt	7.0%	3.6%
Cash Equivalents	1.0%	0.7%
	<u>100.0%</u>	

## 8. PENSION PLANS (Continued)

### New York State Teachers' Retirement System (Continued)

#### **Discount Rate**

The discount rate used to measure the total pension asset 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 member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

#### **Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**

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

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

	1 % Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
Proportionate Share of Net Pension liability (asset)	\$ 83,094,658	\$ 13,154,850	\$ (45,542,372)

#### **Pension Plan Fiduciary Net Position**

The components of the current-year net pension (asset) of the employers as June 30, 2020, were as follows:

	Pension Plan's Fiduciary Net Position
Total pension liability	\$ 123,242,776,215
Net position	(120,479,505,380)
Net pension liability (asset)	\$ 2,763,270,835
Fiduciary net position as % of total pension asset	97.76%

## 9. OTHER POSTEMPLOYMENT BENEFITS LIABILITY

### Plan Description

The School District's defined benefit OPEB plan, provides OPEB for all employees who meet the NYSTRS/NYSERS eligibility requirements. Teachers and Administrators age 55 with 5 years of service who are eligible to retire and collect benefits according to the NYSTRS are eligible for retiree health care benefits for life from the School District. Support staff hired before January 1, 2010 age 55 with 5 years of service are eligible to retire and collect benefits for life from the School District according to NYSERS. Members after January 1, 2010 must be 55 years old with 10 years of service to qualify for NYSERS health care benefits.

The plan is a single-employer defined benefit OPEB plan administered by the School District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the School District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

### Benefits Provided

The School District provides healthcare benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the School District offices and are available upon request.

### Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries	
currently receiving benefits	798
Inactive employees entitled to but	
not yet receiving benefits	-
Active employees	954
Total participants	<u>1,752</u>

### Total OPEB Liability

The School District's total OPEB liability of \$270,692,872 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2020.

### Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Varies by years of service and retirement system
Discount Rate	2.16%
Healthcare Cost Trend Rates	5.70% for 2020, decreasing to an ultimate rate of 4.04% by 2075

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality rates were based on the April 1, 2010 – March 31, 2015 NYSLRS experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020.

## 9. OTHER POSTEMPLOYMENT BENEFITS LIABILITY (Continued)

### Actuarial Assumptions and Other Inputs (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

### Changes in the Total OPEB Liability

Balance at June 30, 2020	<u>\$ 325,084,496</u>
Changes for the Year-	
Service cost	16,018,831
Interest	7,464,212
Changes of benefit terms	(4,788,601)
Changes in assumptions or other inputs	(7,390,013)
Differences between expected and actual experience	(58,946,834)
Benefit payments	<u>(6,749,219)</u>
Net changes	<u>(54,391,624)</u>
Balance at June 30, 2021	<u><u>\$ 270,692,872</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021.

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

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Current Discount (2.16%)	1% Increase (3.16%)
Total OPEB Liability	<u>\$ 328,736,687</u>	<u>\$ 270,692,872</u>	<u>\$ 225,707,809</u>

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

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.40%) or 1 percentage point higher (6.40%) than the current healthcare cost trend rate:

	1% Decrease (3.40%)	Current Discount (4.40%)	1% Increase (5.40%)
Total OPEB Liability	<u>\$ 218,022,413</u>	<u>\$ 270,692,872</u>	<u>\$ 341,862,055</u>

## 9. OTHER POSTEMPLOYMENT BENEFITS LIABILITY (Continued)

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

For the year ended June 30, 2021, the School District recognized OPEB expense of \$6,995,975. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and and actual experience	\$ 1,627,141	\$ 59,069,814
Changes of assumptions	<u>52,630,466</u>	<u>32,243,726</u>
Total	<u>\$ 54,257,607</u>	<u>\$ 91,313,540</u>

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

<u>Fiscal Year Ending June</u>	<u>Amount</u>
2022	\$ (4,949,248)
2023	(4,949,248)
2024	(4,949,248)
2025	(4,949,248)
2026	(4,949,248)
Thereafter	<u>(12,309,693)</u>
	<u>\$ (37,055,933)</u>

## 10. RISK MANAGEMENT

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

### New York State Unemployment Insurance (NYS/UI)

The School District has chosen to establish a risk financing fund for risks associated with unemployment claims which is accounted for in the School District's general fund and includes provisions for unexpected and unusual claims.

### Workers' Compensation Plan

The School District is self-insured for workers' compensation benefits on a cost-reimbursement basis. Under the program, the School District is responsible for claim payments.

Any excess funding received over claims paid and accrued is held in the workers' compensation reserve, restricted for future claim payments. At June 30, 2021, there was \$2,375,588 in this reserve.

## 10. RISK MANAGEMENT (Continued)

### Health Insurance Plan

One of the School District's health insurance plans is self-insured and is reported in the internal service fund. All known claims filed and an estimate of all incurred, but not reported claims existing at June 30, 2021, have been recorded as accrued liabilities in the government-wide statements.

The School District establishes health insurance claims liabilities based on estimates of the ultimate cost of claims. Claims under this plan are paid during the year or in the subsequent year. The length of time that claims may be submitted is limited to ninety days after year-end. The School District has stop loss insurance limiting its liability to \$125,000 per insured.

The School District establishes Workers' Compensation and unemployment claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred, but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on complex factors, such as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount.

Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to the liability in the periods in which they are made.

The School District establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

The following represents changes in those aggregate liabilities for the School District during 2021:

	2021			2020		
	Health	Workers' Compensation	Unemployment	Health	Workers' Compensation	Unemployment
Unpaid claims and claim adjustment - beginning of year	\$ (644,579)	\$ (1,021,900)	\$ -	\$ (894,532)	\$ (1,021,900)	\$ -
Incurred claims and claim adjustment expenses:						
Provision for incurred claims expenses for events of the current year	<u>18,625,095</u>	<u>662,816</u>	<u>152,297</u>	<u>15,552,328</u>	<u>804,951</u>	<u>38,124</u>
Total incurred claims and claims adjustment expenses	17,980,516	(359,084)	152,297	14,657,796	(216,949)	38,124
Payments made for claims arising during the current year	<u>18,882,783</u>	<u>662,816</u>	<u>152,297</u>	<u>15,232,799</u>	<u>804,951</u>	<u>38,124</u>
Total unpaid claims and claim adjustment expenses - end of year	<u>\$ (902,267)</u>	<u>\$ (1,021,900)</u>	<u>\$ -</u>	<u>\$ (575,003)</u>	<u>\$ (1,021,900)</u>	<u>\$ -</u>

## **11. CONTINGENCIES AND COMMITMENTS**

### **Grant Programs**

The School District has received grants which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the School District's administration believes disallowances, if any, will be immaterial.

The School District is currently involved in a dispute regarding state transportation aid claimed in prior years. It is possible that NYS will recoup aid totaling approximately \$3 million from future state aid payments. At present the total amount and timing of these repayments are indeterminate, therefore no accrual has been made.

The School District has various commitments with contractors for the completion of capital projects.

### **Litigation**

The School District has been named as defendant in certain actions. A review by management and the School District's attorneys indicate these actions are either fully covered by insurance or not substantial enough to materially affect the financial position of the School District.

The School District is regularly involved with certiorari actions brought by real property owners to have their assessments reduced. Several taxpayers have filed certiorari actions requesting that the valuation of their properties within the School District be reduced. Should these requests be granted, the amount of taxes collected from these taxpayers would be reduced, the overall amount of taxes that could be collected would be affected, and the School District's debt limit would be reduced, therefore, increasing the percentage of the School District's debt limit used.

### **State Transportation Aid**

The School District has received notice that it will receive \$4,794,947 in prior years' state transportation aid as part of legislation included in the 2013 State Budget. The State maintains a list of prior year state aid payments owed to school districts. There is a line item in the State Budget to make payments, but the allocation does not meet the need. Each year the State makes payments until the allocation is depleted. At June 30, 2021, the estimate is the School District will receive these monies in 20 to 21 years.

## **12. TAX ABATEMENT**

All real property in New York is subject to taxation unless specific legal provisions grant it exempt status. Real property tax exemptions are granted on the basis of many different criteria, including the use to which the property is put, the owner's ability to pay taxes, the desire of the state and local governments to encourage certain economic or social activities, and other such considerations. Most exemptions are granted under Article 4 of the Real Property Tax Law, but others are authorized by a wide variety of statutes ranging from Article 18-A of the real property tax law, the Agriculture and Markets Law to the Transportation Law. Certain exemptions provide full relief from taxation (wholly exempt property) and others reduce the taxes which would otherwise be payable by varying degrees (partially exempt property). Some exemptions apply to taxes levied for District, city/town, and school purposes, whereas others pertain only to some of these purposes. Yet another difference involves the extent of local government autonomy: while some exemptions are mandated by state law, others are subject to local option and/or local determination of eligibility criteria.

## **12. TAX ABATEMENT (Continued)**

The School District has multiple real property tax abatement agreements entered into by the IDA. These agreements provide for abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) in compliance with Tax Exemption Policy. PILOTs are granted in accordance with various activities such as new construction, purchasing of an existing facility, or the improvement or expansion of an existing facility. There are also policies for recapture of PILOTs should the applicant not meet certain criteria. The amount property tax abated in the School District for the year ended June 30, 2021 was \$2,626,375.

## **13. COVID-19 PANDEMIC**

As of the date of this report, the United States continues to be affected by a national health emergency related to a virus, commonly known as novel coronavirus (COVID-19). During 2020, the NYS Governor put the economy “on pause” in an effort to combat the spread of COVID. As a result, many businesses were closed, or their operations were severely curtailed. The School District acted proactively as well in an effort to protect its employees as well as the School District population.

In response to the economic impact, the COVID pandemic, the United States government passed several stimulus bills (Coronavirus Aid, Relief, and Economic Security Act; Coronavirus Response and Relief Supplemental Appropriations Act; and American Rescue Plan Act) in an effort to provide relief to businesses, families and governments that have been devastated by the closure of large segments of the economy.

The School District’s remaining allocations for each of the stimulus plans are:

CARES	\$5.7 million
CRRSA	\$17.2 million
ARPA	\$41.3 million

## **14. CHANGE IN ACCOUNTING PRINCIPLE**

The School District adopted GASB Statement No. 84, Fiduciary Activities, during the year ended June 30, 2021. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report a fiduciary arrangement that meets specific criteria.



#### 14. CHANGE IN ACCOUNTING PRINCIPLE (Continued)

This Statement clarified the criteria for reporting certain activities as governmental or fiduciary activities. As a result, beginning cash, accounts receivable and net position were adjusted as noted below for the following opinion units:

	Governmental Activities			
	Cash	Accounts Receivable	Accounts Payable/Accrued Liabilities	Net Position
Balance at June 30, 2020, as previously reported	\$ 43,088,636	\$ 796,602	\$ 12,866,287	\$ (143,712,981)
Restatement of beginning balance - Adoption of GASB Statement No. 84	2,245,576	125,179	2,095,388	275,367
Balance at July 1, 2021, as restated	<u>\$ 45,334,212</u>	<u>\$ 921,781</u>	<u>\$ 14,961,675</u>	<u>\$ (143,437,614)</u>

	General Fund		
	Cash	Accounts Receivable	Accounts Payable/Accrued Liabilities
Balance at June 30, 2020, as previously reported	\$ 23,971,677	\$ 550,260	\$ 6,595,297
Restatement of beginning balance - Adoption of GASB Statement No. 84	1,970,209	125,179	2,095,388
Balance at July 1, 2021, as restated	<u>\$ 25,941,886</u>	<u>\$ 675,439</u>	<u>\$ 8,690,685</u>

	Miscellaneous Special Revenue Fund		
	Cash	Accrued Liabilities	Fund Balance
Balance at June 30, 2020, as previously reported	\$ -	\$ -	\$ -
Restatement of beginning balance - Adoption of GASB Statement No. 84	275,367	-	275,367
Balance at July 1, 2021, as restated	<u>\$ 275,367</u>	<u>\$ -</u>	<u>\$ 275,367</u>

	Agency Fund		
	Cash	Accounts Receivable	Accrued/Other Liabilities
Balance at June 30, 2020, as previously reported	\$ 2,066,764	\$ 125,179	\$ 2,191,943
Restatement of beginning balance - Adoption of GASB Statement No. 84	(2,066,764)	(125,179)	(2,191,943)
Balance at July 1, 2021, as restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Private Purpose Trusts Fund		
	Cash	Accrued/Other Liabilities	Net Position
Balance at June 30, 2020, as previously reported	\$ 178,812	\$ -	\$ 178,812
Restatement of beginning balance - Adoption of GASB Statement No. 84	(178,812)	-	(178,812)
Balance at July 1, 2021, as restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY**

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2021**

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>(Budgetary Basis)</u>	<u>Encumbrances</u>	Final Budget Variance with <u>Budgetary Actual</u>
<b>REVENUE</b>					
LOCAL SOURCES:					
Real property taxes	\$ 44,914,923	\$ 44,914,923	\$ 45,941,714	\$ -	\$ 1,026,791
Other tax items	11,450,331	11,450,331	10,736,175	-	(714,156)
Nonproperty taxes	2,070,000	2,070,000	2,336,637	-	266,637
Charges for services	419,500	419,500	331,015	-	(88,485)
Use of money and property	212,000	212,000	(2,665)	-	(214,665)
Sale of property and compensation for loss	-	118,693	169,452	-	50,759
Miscellaneous	1,598,450	1,624,475	1,337,591	-	(286,884)
Interfund revenues	<u>325,000</u>	<u>325,000</u>	<u>169,743</u>	<u>-</u>	<u>(155,257)</u>
Total local sources	60,990,204	61,134,922	61,019,662	-	(115,260)
State sources	141,270,432	141,270,432	130,235,371	-	(11,035,061)
Federal sources	25,000	25,000	1,184,917	-	1,159,917
Medicaid reimbursement	<u>722,700</u>	<u>722,700</u>	<u>462,781</u>	<u>-</u>	<u>(259,919)</u>
Total revenue and other sources	<u>\$ 203,008,336</u>	<u>\$ 203,153,054</u>	<u>\$ 192,902,731</u>	<u>\$ -</u>	<u>\$ (10,250,323)</u>

(Continued)

See independent auditors report

**CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY**

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Encumbrances	Variance with Budgetary Actual and Encumbrances
<b>EXPENDITURES</b>					
GENERAL SUPPORT:					
Board of education	\$ 83,899	\$ 68,946	\$ 59,514	\$ 2	\$ 9,430
Central administration	537,793	712,019	678,204	10,225	23,590
Finance	1,135,832	1,220,763	1,074,574	101,543	44,646
Staff	1,406,576	1,991,055	1,919,217	25,752	46,086
Central services	11,201,769	17,981,415	12,806,790	2,907,328	2,267,297
Special items	1,967,366	2,007,937	1,966,217	-	41,720
Total general support	16,333,235	23,982,135	18,504,516	3,044,850	2,432,769
INSTRUCTION:					
Instruction, administration, and improvement	10,028,771	8,368,803	7,542,948	2,357	823,498
Teaching - Regular school	59,019,236	59,227,150	53,753,323	2,776,944	2,696,883
Programs for children with handicapping conditions	34,267,079	27,966,414	26,373,299	11,402	1,581,713
Occupational education	1,152,346	1,191,346	1,180,170	-	11,176
Teaching - Special school	942,231	924,726	830,547	2,841	91,338
Instructional media	3,713,703	9,621,319	7,619,249	1,410,004	592,066
Pupil services	13,499,541	12,804,633	11,508,679	230,787	1,065,167
Total instruction	122,622,907	120,104,391	108,808,215	4,434,335	6,861,841
Pupil transportation	10,924,558	10,366,281	10,049,630	-	316,651
Employee benefits	41,281,060	38,467,883	38,441,544	-	26,339
Total expenditures	191,161,760	192,920,690	175,803,905	7,479,185	9,637,600
<b>TRANSFERS TO OTHER FUNDS</b>					
Transfers to other funds	13,492,170	13,364,170	13,303,615	-	60,555
Total expenditures and other uses	204,653,930	206,284,860	189,107,520	7,479,185	9,698,155
NET CHANGE IN FUND BALANCE	(1,645,594)	(3,131,806)	3,795,211	(7,479,185)	(552,168)
FUND BALANCE - beginning of year	34,189,750	34,189,750	34,189,750	-	-
FUND BALANCE - end of year	\$ 32,544,156	\$ 31,057,944	\$ 37,984,961	\$ (7,479,185)	\$ (552,168)

See independent auditors report

**CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2021**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion of the net pension liability (asset)	0.0466785%	0.0472586%	0.0497478%	0.0481619%	0.0494815%	0.0514991%	0.0526538%			
Proportionate share of the net pension liability (asset)	\$ 46.5	\$ 12,514.4	\$ 3,524.8	\$ 1,554.4	\$ 4,649.4	\$ 8,265.7	\$ 1,778.8			
Covered-employee payroll	\$ 15,329.2	\$ 14,597.2	\$ 14,668.9	\$ 14,453.6	\$ 14,141.3	\$ 13,973.0	\$ 14,053.8			
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.30%	85.73%	24.03%	10.75%	32.88%	59.15%	12.66%			
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%			

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion of the net pension liability (asset)	0.4760610%	0.4687500%	0.4660520%	0.4561650%	0.4391370%	0.4412080%	0.4500820%			
Proportionate share of the net pension liability (asset)	\$ 13,154.9	\$ (12,178.2)	\$ (8,427.4)	\$ (3,467.3)	\$ 4,703.3	\$ (45,827.5)	\$ (50,136.4)			
Covered-employee payroll	\$ 74,481.4	\$ 80,794.9	\$ 78,192.1	\$ 75,792.0	\$ 72,295.5	\$ 66,275.5	\$ 66,484.2			
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	17.66%	-15.07%	-10.78%	-4.57%	6.51%	-69.15%	-75.41%			
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%			

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

**CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY**

**SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2021**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 2,235.3	\$ 1,981.5	\$ 2,121.4	\$ 2,092.7	\$ 2,170.4	\$ 2,543.0	\$ 2,570.0	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.		
Contributions in relation to the contractually required contribution	2,235.3	1,981.5	2,121.4	2,092.7	2,170.4	2,543.0	2,570.0			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
Covered-employee payroll	\$ 15,329.2	\$ 14,597.2	\$ 14,668.9	\$ 14,453.6	\$ 14,141.3	\$ 13,973.0	\$ 14,053.8			
Contributions as a percentage of covered-employee payroll	12.93%	13.57%	14.46%	14.48%	15.35%	18.20%	18.29%			

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 7,159.1	\$ 8,309.3	\$ 7,439.6	\$ 8,427.0	\$ 8,985.4	\$ 10,803.7	\$ 11,069.9	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.		
Contributions in relation to the contractually required contribution	7,159.1	8,309.3	7,439.6	8,427.0	8,985.4	10,803.7	11,069.9			
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Covered-employee payroll	\$ 74,481.4	\$ 80,794.9	\$ 78,192.1	\$ 75,792.0	\$ 72,295.5	\$ 66,275.5	\$ 66,484.2			
Contributions as a percentage of covered-employee payroll	9.61%	10.28%	9.51%	11.12%	12.43%	16.30%	16.65%			

CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2021

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Total OPEB Liability</b>										
Service cost	\$ 16,018,831	\$ 10,393,077	\$ 8,152,314	\$ 8,489,207						
Interest	7,464,212	8,702,007	10,892,909	9,843,729						
Changes of benefit terms	(4,788,601)	-	(9,782,925)	-						
Differences between expected and actual experience	(58,946,834)	2,169,521	(11,236,999)	-						
Changes of assumptions or other inputs	(7,390,013)	70,173,956	(26,722,616)	(13,891,757)						
Benefit payments	(6,749,219)	(7,696,442)	(6,495,344)	(5,741,280)						
<b>Total change in total OPEB liability</b>	<b>(54,391,624)</b>	<b>83,742,119</b>	<b>(35,192,661)</b>	<b>(1,300,101)</b>						
<b>Total OPEB liability - beginning</b>	<b>325,084,496</b>	<b>241,342,377</b>	<b>276,535,038</b>	<b>277,835,139</b>						
<b>Total OPEB liability - ending</b>	<b>\$ 270,692,872</b>	<b>\$ 325,084,496</b>	<b>\$ 241,342,377</b>	<b>\$ 276,535,038</b>						
 <b>Covered-employee payroll</b>	 \$ 66,079,036	 \$ 78,873,409	 \$ 78,392,258	 \$ 83,166,396						
 <b>Total OPEB liability as a percentage of covered-employee payroll</b>	 409.7%	 412.2%	 307.9%	 332.5%						

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

**Notes to schedule:**

**Changes of assumptions.** Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate	2.16%	2.21%	3.51%	3.87%
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Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

The healthcare trend cost rates have been reset to an initial rate of 5.70% decreasing to an ultimate rate of 4.04% by 2075.

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

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

**SUPPLEMENTARY INFORMATION (UNAUDITED)**



## CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY

### SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2021

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#### CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$ 203,917,733
Add: Prior year's encumbrances	<u>736,197</u>
Original budget	204,653,930
Budget revision:	
General support	<u>1,630,930</u>
Final budget	<u><u>\$ 206,284,860</u></u>

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

2021-22 voter-approved expenditure budget	\$ 218,831,646
Maximum allowed 4% of 2021-22 budget	<u><u>\$ 8,753,266</u></u>

General Fund Balance Subject to Section 1318 of Real Property Tax Law \*:

Unrestricted fund balance:	
Assigned fund balance	\$ 7,779,185
Unassigned fund balance	<u>5,416,434</u>
Total unrestricted fund balance	<u><u>\$ 13,195,619</u></u>

Less:

Appropriated fund balance	300,000
Encumbrances included in committed and assigned fund balance	<u>7,479,185</u>
Total adjustments	<u><u>\$ 7,779,185</u></u>

General Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 5,416,434</u></u>
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Actual percentage	2.48%
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\* 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.

CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY

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

Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2021
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
District-wide - Renovations	\$ 30,500,000	\$ 30,500,000	\$ 30,644,137	\$ -	\$ 30,644,137	\$ (144,137)	\$ 30,500,000	\$ -	\$ 144,137	\$ 30,644,137	\$ -
District-wide - Renovations	48,500,000	48,500,000	51,884,898	-	51,884,898	(3,384,898)	48,913,429	3,040,732	20,747	51,974,908	90,010
District-wide - Renovations	70,000,000	70,000,000	69,420,562	-	69,420,562	579,438	66,195,000	-	676,958	66,871,958	(2,548,604)
District-wide - Renovations	2,500,000	2,500,000	2,401,975	-	2,401,975	98,025	2,500,000	-	-	2,500,000	98,025
District-wide - Renovations - 2018	64,500,000	64,500,000	27,644,080	19,147,156	46,791,236	17,708,764	-	-	551,792	551,792	(46,239,444)
Energy Performance Contract	9,378,000	9,378,000	-	4,689,000	4,689,000	4,689,000	4,689,000	-	-	4,689,000	-
Total	<u>\$ 225,378,000</u>	<u>\$ 225,378,000</u>	<u>\$ 181,995,652</u>	<u>\$ 23,836,156</u>	<u>\$ 205,831,808</u>	<u>\$ 19,546,192</u>	<u>\$ 152,797,429</u>	<u>\$ 3,040,732</u>	<u>\$ 1,393,634</u>	<u>\$ 157,231,795</u>	<u>\$ (48,600,013)</u>

See independent auditors report.

# CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY

## SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS (UNAUDITED) JUNE 30, 2021

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Capital assets, net	\$ 223,571,145
Deduct:	
Bond anticipation notes	64,500,000
Short-term portion of bonds payable	8,080,000
Long-term portion of bonds payable	77,998,682
Less: Unspent bond anticipation note proceeds	<u>(19,462,307)</u>
	<u>131,116,375</u>
Net investment in capital assets	<u>\$ 92,454,770</u>

## REQUIRED REPORT

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

October 29, 2021

To the Board of Education of the  
City School District of the City of Schenectady:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund, of City School District of the City of Schenectady (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's financial statements, and have issued our report thereon dated October 29, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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(Continued)

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

(Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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