

ENLARGED CITY SCHOOL DISTRICT  
OF TROY, NEW YORK

Basic Financial Statements,  
Supplementary Information and  
Independent Auditors' Report

June 30, 2022

# ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

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## INDEPENDENT AUDITORS' REPORT

The Board of Education  
Enlarged City School District of Troy, New York:

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Enlarged City School District of Troy, New York (the District), as of and for the year ended June 30, 2022, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, 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.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

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

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

#### Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

#### Emphasis of Matter

As discussed in note 1(c) to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87 - "Leases," during the year ended June 30, 2022. Our opinions are not modified with respect to this matter.

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and additional information on pages 53 through 57 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Supplementary Information

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

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 10, 2022 on our consideration of the 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 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 District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York  
November 10, 2022

## ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

### Management's Discussion and Analysis

June 30, 2022

As management of the Enlarged City School District of Troy, New York (the District), we offer the reader of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the year ended June 30, 2022. We encourage readers to consider the information presented here, in conjunction with information provided in the financial statements. This discussion and analysis is intended to serve as an introduction to the District's basic financial statements.

### FINANCIAL HIGHLIGHTS

- Total net position increased by \$19,962,445 and \$4,749,569 during the course of the years ended June 30, 2022 and 2021, respectively, primarily due to the net pension assets in 2022 and additions to capital assets in 2021.
- Government-Wide revenue was \$130,272,836 and \$120,538,451 for the years ended June 30, 2022 and 2021, respectively; Government-Wide expense was \$110,310,391 and \$115,788,882 for the years ended June 30, 2022 and 2021, respectively.
- General fund revenue were greater than general fund expenditures by \$8,277,340 and \$8,611,944 for the years ended June 30, 2022 and 2021, respectively.
- General fund equity was \$43,302,191 at June 30, 2022 as compared to \$35,024,851 at June 30, 2021.
- The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87 - "Leases," as discussed in note 1(c) to the financial statements.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are Government-Wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the entity-wide statements.
- 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.

The financial statements also include notes that provide additional information in the statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another. Table A-2 summarizes the major features of the financial statements.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Management's Discussion and Analysis, Continued

Table A-1: Organization of the District's Financial Report

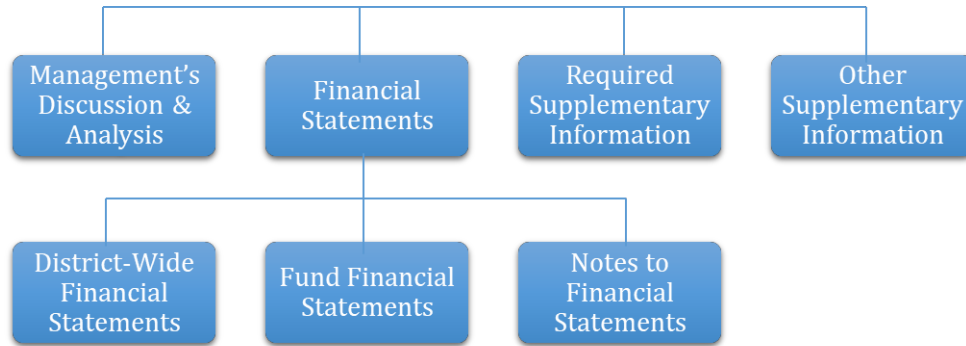


Table A-2: Summarizes the major features of the District's financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

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

Description	District-wide Statements	Fund Financial Statements
		Governmental Funds
Scope	Entire District (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction
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 changes in fund balances</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenue and expenses during the 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



## ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

### Management's Discussion and Analysis, Continued

#### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Government-Wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets and liabilities of the District, with the difference between the two reported as net position (deficit). Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The Government-Wide financial statements can be found on pages 13 and 14 of this report.

#### FUND FINANCIAL STATEMENTS

The fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The District funds are as follows:

- Governmental funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Government-Wide statements, additional information in the reconciliation section of the governmental funds statements explains the relationship (or differences) between them.

The fund financial statements can be found on pages 15 and 17 of this report.

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources were less than liabilities and deferred inflows of resources by \$41,836,715 at June 30, 2022 primarily due to the recognition of the District's other postemployment liability in accordance with GASB Statement No. 75. We refer you to the notes to financial statements for more detailed information.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Management's Discussion and Analysis, Continued

Table A-3: Condensed Statement of Net Position - Governmental Activities (in millions)

	<u>2022</u>	<u>2021*</u>	<u>Increase (decrease)</u>	<u>Percentage change</u>
Current assets	\$ 80,691,083	80,337,037	354,046	0.4%
Capital assets and other long term assets	<u>191,439,204</u>	<u>137,270,782</u>	<u>54,168,422</u>	105.4%
Total assets	<u>272,130,287</u>	<u>217,607,819</u>	<u>54,522,468</u>	25.1%
Deferred outflows of resources	<u>50,232,179</u>	<u>56,981,279</u>	<u>(6,749,100)</u>	(11.8%)
Liabilities:				
Current liabilities	55,357,626	42,136,261	13,221,365	31.4%
Long-term liabilities	<u>204,021,390</u>	<u>248,670,414</u>	<u>(44,649,024)</u>	(18.0%)
Total liabilities	<u>259,379,016</u>	<u>290,806,675</u>	<u>(31,427,659)</u>	(10.8%)
Deferred inflows of resources	<u>104,820,165</u>	<u>45,581,583</u>	<u>59,238,582</u>	130.0%
Net position:				
Net investment in capital assets	69,958,263	66,689,682	3,268,581	4.9%
Restricted	22,530,500	14,219,871	8,310,629	58.4%
Unrestricted	<u>(134,325,478)</u>	<u>(142,708,713)</u>	<u>8,383,235</u>	5.9%
Total net position	<u>\$ (41,836,715)</u>	<u>(61,799,160)</u>	<u>19,962,445</u>	32.2%

\* As restated for GASB Statement No. 87.

CHANGES IN NET POSITION

A large portion of the District's net position reflects its investment in capital assets (e.g. land, buildings and improvements and furniture and equipment), less any related debt (serial bonds payable) used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's ongoing obligations to students, employees and creditors.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Management's Discussion and Analysis, Continued

Table A-4: Changes in Net Position from Operating Results Governmental Activities Only

	<u>2022</u>	<u>2021</u>	<u>Increase (decrease)</u>	<u>Percentage change</u>
Revenue:				
Program revenue:				
Charges for services	\$ 1,855,694	646,169	1,209,525	187.2%
Operating grants	15,917,937	12,134,722	3,783,215	31.2%
General revenue:				
Property and other taxes	41,545,570	41,522,942	22,628	0.1%
State sources	68,839,843	64,646,582	4,193,261	6.5%
Federal sources	296,044	140,178	155,866	111.2%
Use of money and property	26,065	22,356	3,709	16.6%
Sale of property and compensation for loss	83,095	60,536	22,559	37.3%
Miscellaneous	<u>1,708,588</u>	<u>1,364,966</u>	<u>343,622</u>	25.2%
Total revenue	<u>130,272,836</u>	<u>120,538,451</u>	<u>9,734,385</u>	8.1%
Expenses:				
General support	12,773,678	11,890,061	883,617	7.4%
Instruction	70,537,689	63,790,779	6,746,910	10.6%
Pupil transportation	6,450,816	5,816,178	634,638	10.9%
Employee benefits	11,269,088	25,376,180	(14,107,092)	(55.6%)
Interest and other debt expense	1,455,346	1,644,226	(188,880)	(11.5%)
Depreciation - unallocated	5,010,057	5,155,413	(145,356)	(2.8%)
Other	<u>2,813,717</u>	<u>2,116,045</u>	<u>697,672</u>	33.0%
Total expenses	<u>110,310,391</u>	<u>115,788,882</u>	<u>(5,478,491)</u>	(4.7%)
Change in net position	<u>\$ 19,962,445</u>	<u>4,749,569</u>	<u>15,212,876</u>	320.3%

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Management's Discussion and Analysis, Continued

Table A-5: Sources of Revenue for Fiscal Year 2022

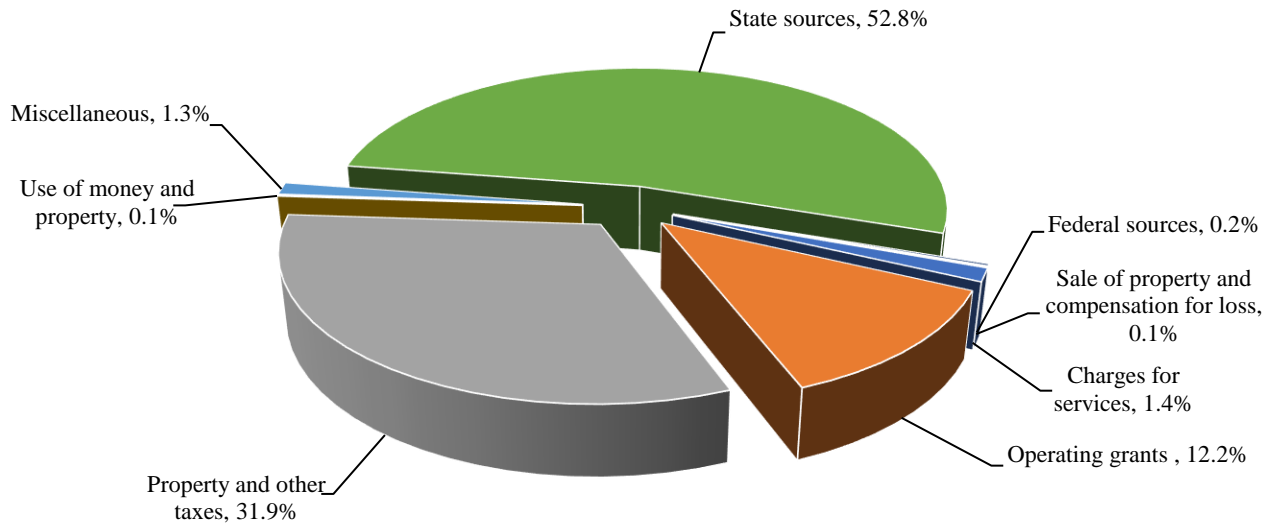
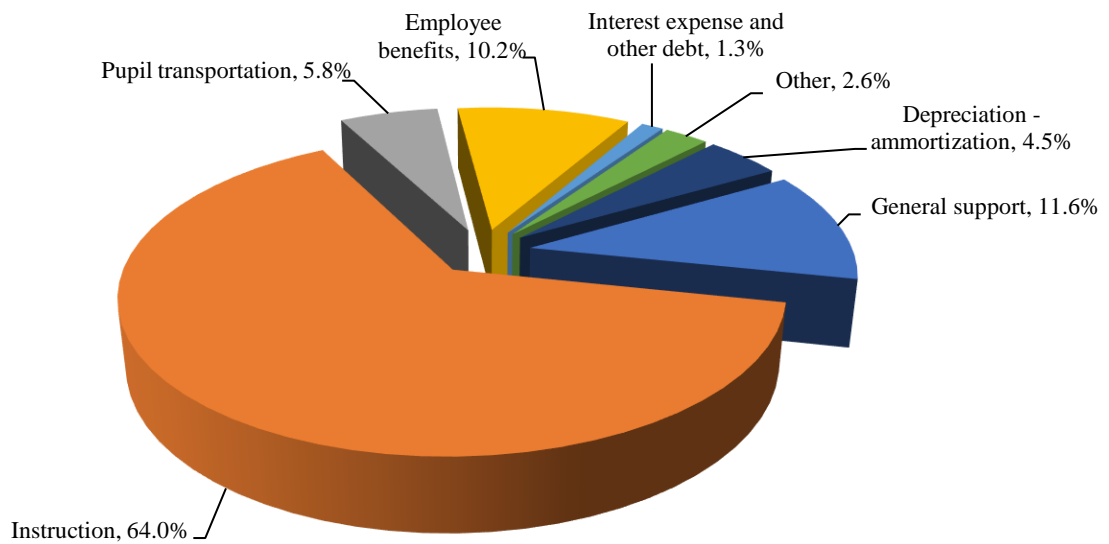


Table A-6: Expenses for Fiscal Year 2022



ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Management's Discussion and Analysis, Continued

GOVERNMENTAL FUNDS

Financial Analysis of the District's Funds - As explained earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The District has designated portions of the reserved fund balance to earmark resources for certain governmental funds. The unreserved fund balance is divided between designated and undesignated balances. The District has designated a portion of the unreserved fund balance for subsequent year's expenditures. Fund balance of capital projects and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

General Fund - The general fund is the chief operating fund of the District. Financial highlights include:

Total general fund revenue and other financing sources for the year ended June 30, 2022 were \$113,914,411 an increase of 2.3% from the year ended June 30, 2021.

Total general fund expenditures and other financing uses for the year ended June 30, 2022 were \$105,497,262, an increase of 3.3% from the year ended June 30, 2021. The key factors in this increase were a return to classroom in the current year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By June 30, 2022, the District had invested \$149,729,944 net of depreciation of \$90,765,938, in a broad range of capital assets, including school buildings, transportation facility, administrative buildings, athletic facilities, computer and audio-visual equipment and buses. This amount represents an increase of \$18,072,972 from June 30, 2021 (more detailed information about capital assets can be found in note 2(a) to the financial statements). Total depreciation expense for the year was \$5,010,057, while equipment acquisitions and additional construction on capital projects, net of disposals, amounted to \$23,083,029 during the year ended June 30.

The following table reflects the total net cost of various building renovations and additions, technology and equipment expenditures at June 30, 2022 and 2021:

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Management's Discussion and Analysis, Continued

Table A-7: Capital Assets, Net of Depreciation (in millions)

	<u>2022</u>	<u>2021*</u>
Land and land improvements	\$ 2,077,555	2,251,520
Construction in progress	55,118,949	33,057,952
Buildings	90,205,384	93,809,062
Machinery, equipment and vehicles	1,980,892	2,260,431
Right to use lease asset*	<u>347,164</u>	<u>278,007</u>
	<u>\$ 149,729,944</u>	<u>131,656,972</u>

\*Restated for implementation of GASB Statement No. 87.

Short-Term Debt

The District borrowed \$36,000,000 in bond anticipation notes in June 2022, to fund the outstanding capital projects. More detailed information about the District's short-term debt is presented in note 2(b)(3) to the financial statements.

Long-Term Debt

At June 30, 2022 the District had \$58,938,334 in general obligation and \$151,573,056 in other long-term debt outstanding. More detailed information about the District's long-term liabilities is presented in note 2(b)(3) to the financial statements.

Table A-8: Outstanding Long-Term Debt

	<u>2022</u>	<u>2021</u>
Due to workers' compensation consortium	\$ 874,618	1,491,289
Bonds and unamortized bond premium	58,938,334	65,748,006
Compensated absences	3,619,161	3,879,129
Other postemployment benefits	147,079,277	178,013,942
Pension liability	<u>-</u>	<u>5,761,448</u>
Total	<u>\$ 210,511,390</u>	<u>254,893,814</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Management's Discussion and Analysis, Continued

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

The District is dependent on the State of New York for state aid, historically in the 58 to 61% range of all revenue. Should aid be reduced as a result of the current COVID-19 pandemic, the State being in a deficit situation or compelled to send a larger portion of aid to New York City, the effect will be felt in the District. At this time the District must appropriate over \$12 million to cover the cost of District charter school students. Significant financial stress will be placed on the District's financial health unless changes are made in the way charter schools are financed. The continuing increases in health insurance, utilities and pension costs cause funds to be diverted from sound educational programs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Enlarged City School District of Troy, New York  
Attn: Assistant Superintendent for Business  
475 1st Street Troy, New York 12180  
(518) 328-5005

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Statement of Net Position  
Governmental Activities  
June 30, 2022

Assets

Current assets:	
Cash:	
Unrestricted	\$ 41,338,903
Restricted	21,798,241
Taxes receivable	3,014,761
State and federal aid receivable	12,770,359
Due from other governments	1,670,833
Accounts receivable	35,409
Inventory	62,577
Total current assets	<u>80,691,083</u>
Long-term assets:	
Due from healthcare consortium	6,128,414
Nondepreciable capital assets	55,464,265
Depreciable capital assets, net	94,265,679
Net pension asset-TRS	33,647,131
Net pension asset-ERS	1,933,715
Total noncurrent assets	<u>191,439,204</u>
Total assets	<u>272,130,287</u>

Deferred outflows of resources

Pensions	23,467,640
OPEB	26,764,539
Total deferred outflows of resources	<u>50,232,179</u>

Liabilities

Current liabilities:	
Accounts payable	7,124,048
Accrued liabilities	1,574,836
Accrued interest	242,896
Due to other governments	679
Due to teachers' retirement system	3,514,688
Due to employees' retirement system	206,475
Bond anticipation notes payable	36,000,000
Overpayments and collections in advance	80,991
Unearned revenue	123,013
Bonds due and payable within one year	6,490,000
Total current liabilities	<u>55,357,626</u>
Long-term liabilities:	
Due to workers' compensation consortium	874,618
Bonds and unamortized bond premium	52,448,334
Compensated absences	3,619,161
Other postemployment benefit	147,079,277
Total long-term liabilities	<u>204,021,390</u>
Total liabilities	<u>259,379,016</u>

Deferred inflows of resources

Pensions	44,193,814
OPEB	60,626,351
Total deferred inflows of resources	<u>104,820,165</u>

Net position

Net investment in capital assets	69,958,263
Restricted	22,530,500
Unrestricted - unassigned deficit	(134,325,478)
Total net position	<u>\$ (41,836,715)</u>

See accompanying notes to financial statements.



ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

Statement of Activities  
Governmental Activities  
Year ended June 30, 2022

		<u>Program Revenue</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net Expense and Changes in Net Position</u>
Functions and programs:				
General support	\$ 12,773,678	-	-	(12,773,678)
Instruction	70,537,689	1,805,118	12,889,687	(55,842,884)
Pupil transportation	6,450,816	-	-	(6,450,816)
Employee benefits	11,269,088	-	-	(11,269,088)
Debt service - interest	1,455,346	-	-	(1,455,346)
Depreciation - unallocated	5,010,057	-	-	(5,010,057)
Food service program	<u>2,813,717</u>	<u>50,576</u>	<u>3,028,250</u>	<u>265,109</u>
Total functions and programs	<u>\$ 110,310,391</u>	<u>1,855,694</u>	<u>15,917,937</u>	<u>(92,536,760)</u>
General revenue:				
Real property taxes				35,133,968
Other tax items				4,855,993
Nonproperty taxes				1,555,609
Use of money and property				26,065
Sale of property and compensation for loss				83,095
State aid				68,839,843
Federal aid				296,044
Miscellaneous				<u>1,708,588</u>
Total general revenue				<u>112,499,205</u>
Change in net position				<u>19,962,445</u>
Net position (deficit) at beginning of year, as previously stated				(62,077,161)
Cumulative effect of change in accounting principle (note 5)				<u>278,001</u>
Net position (deficit) at beginning of year, as restated				<u>(61,799,160)</u>
Net position (deficit) at end of year				<u>\$ (41,836,715)</u>

See accompanying notes to financial statements.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Balance Sheet - Governmental Funds  
June 30, 2022

	<u>General</u>	<u>Special Aid</u>	<u>Capital Projects</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash:					
Unrestricted	\$ 24,311,817	(521,034)	15,166,653	2,381,467	41,338,903
Restricted	16,339,276	-	-	5,458,965	21,798,241
Receivables:					
Accounts receivable	35,409	-	-	-	35,409
Taxes	3,014,761	-	-	-	3,014,761
Due from other funds	5,863,892	201,721	325,972	638,201	7,029,786
State and federal aid	5,535,887	6,741,013	-	493,459	12,770,359
Due from other governments	1,670,833	-	-	-	1,670,833
Inventory	-	-	-	62,577	62,577
Total assets	<u>\$ 56,771,875</u>	<u>6,421,700</u>	<u>15,492,625</u>	<u>9,034,669</u>	<u>87,720,869</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balance:</u>					
Liabilities:					
Accounts payable	4,542,119	446,947	2,081,339	52,889	7,123,294
Accrued liabilities	1,534,156	35,126	-	5,554	1,574,836
Due to other governments	99	-	-	580	679
Due to other funds	528,362	5,863,893	637,531	-	7,029,786
Due to teachers' retirement system	3,514,688	-	-	-	3,514,688
Due to employees' retirement system	206,475	-	-	-	206,475
Bond anticipation notes payable	-	-	36,000,000	-	36,000,000
Overpayments and collections in advance	80,991	-	-	-	80,991
Other liabilities	754	-	-	-	754
Unearned revenue	47,279	75,734	-	-	123,013
Total liabilities	<u>10,454,923</u>	<u>6,421,700</u>	<u>38,718,870</u>	<u>59,023</u>	<u>55,654,516</u>
Deferred inflows or resources - uncollected real estate taxes	<u>3,014,761</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,014,761</u>
Fund balances:					
Nonspendable - inventory	-	-	-	62,577	62,577
Restricted:					
Tax certiorari	1,577,181	-	-	-	1,577,181
Employee benefit accrued liability	1,351,790	-	-	-	1,351,790
Unemployment insurance reserve	401,451	-	-	-	401,451
Workers' compensation	874,618	-	-	-	874,618
Capital reserve	4,029,935	-	-	-	4,029,935
Retirement reserve	6,200,000	-	-	-	6,200,000
Debt service	-	-	-	6,095,525	6,095,525
Liability reserve	2,000,000	-	-	-	2,000,000
Total restricted	<u>16,434,975</u>	<u>-</u>	<u>-</u>	<u>6,095,525</u>	<u>22,530,500</u>
Assigned:					
General support	1,094,852	-	-	-	1,094,852
Instruction	2,234,376	-	-	-	2,234,376
Pupil transport	1,506,079	-	-	-	1,506,079
Other	73,182	-	-	-	73,182
Food service	-	-	-	2,446,011	2,446,011
Other special revenue	-	-	-	371,533	371,533
Appropriated for subsequent year's expenditures	3,400,000	-	-	-	3,400,000
Total assigned	<u>8,308,489</u>	<u>-</u>	<u>-</u>	<u>2,817,544</u>	<u>11,126,033</u>
Unassigned	<u>18,558,727</u>	<u>-</u>	<u>(23,226,245)</u>	<u>-</u>	<u>(4,667,518)</u>
Total fund balances	<u>43,302,191</u>	<u>-</u>	<u>(23,226,245)</u>	<u>8,975,646</u>	<u>29,051,592</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 56,771,875</u>	<u>6,421,700</u>	<u>15,492,625</u>	<u>9,034,669</u>	<u>87,720,869</u>

See accompanying notes to financial statements.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position  
June 30, 2022

Total governmental fund balances	\$ 29,051,592
Amounts reported for governmental activities in the statement of net position are different because:	
Long-term amounts due from healthcare consortium under full accrual accounting.	6,128,414
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.	149,729,944
Pension assets, including deferred outflows and inflows.	14,854,672
Long-term liabilities, including workers' compensation, bonds payable and compensated absences are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	(59,258,779)
Deferral of charges for state aid reduction and property taxes earned in the current year are recognized as revenue under full accrual accounting.	3,014,761
Other postemployment benefit liability is recognized as a liability under full accrual accounting, including deferred outflows and inflows.	(180,941,089)
Interest payable in the government-wide statements under full accrual accounting.	(242,896)
Premium on bond borrowings is deferred in the government-wide financial statements under full accrual accounting	<u>(4,173,334)</u>
Total net position	<u>\$ (41,836,715)</u>

See accompanying notes to financial statements.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds  
Year ended June 30, 2022

	<u>General</u>	<u>Special Aid</u>	<u>Capital Projects</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
Revenue:					
Real property taxes	\$ 34,818,755	-	-	-	34,818,755
Other tax items	4,855,993	-	-	-	4,855,993
Nonproperty taxes	1,555,609	-	-	-	1,555,609
Charges for services	1,805,118	-	-	-	1,805,118
Use of money and property	21,514	-	-	4,551	26,065
Sale of property and compensation for loss	83,095	-	-	-	83,095
Interfund revenue	85,897	-	-	-	85,897
State sources	68,839,843	3,098,637	-	53,146	71,991,626
Federal sources	296,044	9,791,050	-	2,975,104	13,062,198
Miscellaneous	1,552,543	-	-	156,045	1,708,588
Sales	-	-	-	50,576	50,576
Total revenue	<u>113,914,411</u>	<u>12,889,687</u>	<u>-</u>	<u>3,239,422</u>	<u>130,043,520</u>
Expenditures:					
General support	13,058,548	21,351	-	-	13,079,899
Instruction	59,482,408	11,556,620	-	102,634	71,141,662
Pupil transportation	6,305,989	144,827	-	-	6,450,816
Employee benefits	17,728,807	1,306,698	-	-	19,035,505
Debt service:					
Principal	6,223,400	-	-	-	6,223,400
Interest	2,698,110	-	-	-	2,698,110
Cost of sales	-	-	-	2,925,650	2,925,650
Capital outlay	-	-	22,060,902	-	22,060,902
Total expenditures	<u>105,497,262</u>	<u>13,029,496</u>	<u>22,060,902</u>	<u>3,028,284</u>	<u>143,615,944</u>
Excess (deficiency) of revenue over expenditures	<u>8,417,149</u>	<u>(139,809)</u>	<u>(22,060,902)</u>	<u>211,138</u>	<u>(13,572,424)</u>
Other financing sources (uses):					
Transfers in	-	139,809	-	-	139,809
Transfers out	(139,809)	-	-	-	(139,809)
Premium on BAN issuance	-	-	-	635,761	635,761
Total other financing sources (uses)	<u>(139,809)</u>	<u>139,809</u>	<u>-</u>	<u>635,761</u>	<u>635,761</u>
Changes in fund balances	8,277,340	-	(22,060,902)	846,899	(12,936,663)
Fund balances (deficit) at beginning of year	<u>35,024,851</u>	<u>-</u>	<u>(1,165,343)</u>	<u>8,128,747</u>	<u>41,988,255</u>
Fund balances (deficit) at end of year	<u>\$ 43,302,191</u>	<u>-</u>	<u>(23,226,245)</u>	<u>8,975,646</u>	<u>29,051,592</u>

See accompanying notes to financial statements.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Reconciliation of the Statement of Revenue, Expenditures and  
Changes in Fund Balances - Governmental Funds to the Statement of Activities  
Year ended June 30, 2022

Net change in fund balances	\$ (12,936,663)
Amounts reported for governmental activities in the statement of activities are different because:	
Long-term amounts due from healthcare consortium do not provide current resources and, therefore, the increase in the asset in 2022 is not reported as revenue in the governmental funds.	514,604
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.	22,895,299
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(4,891,490)
Right to use assets are expenditures in governmental funds, but are capitalized in the statement of net position.	187,730
Amortization of right to use assets is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(118,567)
Net pension expense in accordance with GASB Statement No. 68 is a higher expense in the government-wide financial statements under full accrual accounting.	6,227,172
Amortization of premium on debt over the life of the debt is a reduction to the current year interest expense in the Government-Wide financial statements.	586,272
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.	6,223,400
Certain real property tax revenue not recognized in the governmental funds under the modified accrual basis of accounting (60 day rule) but is recognized under full accrual accounting.	315,213
Interest is recognized as an expense in governmental funds when paid. For governmental activities interest expense is recognized as it accrues. The decrease in accrued interest during 2022 results in less expense.	20,731
Certain expenses in the statement of activities related to the workers' compensation liability do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds. The decrease in the liability in 2022 results in less expense.	616,671
Certain expenses in the statement of activities related to the long-term compensated absences liability do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds. The decrease in the liability in 2022 results in less expense.	259,968
Certain postemployment benefits are recognized as an expense in the statement of activities under full accrual accounting.	62,105
Change in net position of governmental activities	<u>\$ 19,962,445</u>
See accompanying notes to financial statements.	

# ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

## Notes to Financial Statements

June 30, 2022

### (1) Summary of Significant Accounting Policies

The accompanying financial statements of the Enlarged City School District of Troy, New York (the District) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below.

#### (a) Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of nine members. 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 District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statements No. 14 and 39 - "The Financial Reporting Entity," as amended by GASB Statement No. 61. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on such criteria, the District has determined there are no component units to be included within their reporting entity.

#### Extraclassroom Activity Fund

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found elsewhere in this report. The District accounts for assets held as an agent for various student organizations in the other special revenue fund.

## ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (b) Joint Ventures

The District is a component district in Questar III - Rensselaer-Columbia-Greene BOCES (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.

BOCES are organized under §1950 of the New York Education Law. A BOCES Board is considered a corporate body. 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 General Municipal Law.

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

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

During the year ended June 30, 2022, the District was billed \$1,097,272 for BOCES administrative and program costs. General purpose financial statements for the Questar III-Rensselaer-Columbia- Greene BOCES are available from the BOCES administrative offices at 10 Empire State Blvd., Castleton, New York 12033. The District's share of BOCES income amounted to \$445,046.

##### (c) Basis of Presentation Government-Wide Statements

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

The statement of net position presents the financial position of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are restricted to meeting the operational or capital requirements of a particular program. Revenue that are not classified as program revenue, including all taxes, are presented as general revenue.

## ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (c) Basis of Presentation Government-Wide Statements, Continued

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

During the year ended June 30, 2022, the District adopted the provisions of GASB Statement No. 87 - "Leases." The primary objective of this Statement is to better meet the information needs of financial statements users by improving accounting and financial reporting for leases by governments. See note 5 of the financial statement for the impact of the implementation on the financial statements.

##### Governmental Fund Types

The District reports the following major governmental funds:

(1) General Fund - The general fund is the principal operating fund and is used to account for all of the District's operations not required to be accounted for in another fund.

(2) Capital Projects Funds - These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

(3) Special Aid Fund - Used to account for special operating projects or programs supported in whole, or in part, with federal funds or state or local grants.

All remaining governmental funds are aggregated and reported as non-major funds:

(4) Special Revenue Funds - The special revenue funds are used to account for the proceeds of special revenue sources that are legally restricted to expenditure for special purposes. Special revenue funds include the following funds:

(a) School Lunch Fund - Used to account for transactions of the school food programs.

(b) Other Special Revenue Fund - Used to account for the extraclassroom activity and scholarship funds.

(c) Debt Service Fund - The debt service fund is used to account for and report on the accumulation of resources to be used for reduction of long-term indebtedness.



## ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (d) Basis of Accounting/Measurement Focus General Information

The Government-Wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is reported when earned and expenses are recorded at the time obligations are incurred, regardless of when the related cash transactions take place.

Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year 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 District considers all revenue reported in the governmental funds to be available if the revenue is collected within one year after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

##### (e) Unearned Revenue and Deferred Outflows and Inflows of Resources

The District reports unearned revenue on its statement of net position and its balance sheet. On the statement of net position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District may have three items that qualify for reporting in this category. The first item relates to pensions reported in the Government-Wide statement of net position. This represents the effect of the net change in the District's proportionate share of the collective net pension asset or liability and difference during the measurement

## ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (e) Unearned Revenue and Deferred Outflows and Inflows of Resources, Continued

period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The third item relates to OPEB reporting in the Government-Wide statement of net position. This represents the effect of the change in the actual and expected experience and other changes related to pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflows of resources (revenue) until that time. The District may have three items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue for property taxes. The second item relates to pensions reported in the Government-Wide statement of net position. This represents the effect of the net change in the District's proportionate share of the collective net pension liability (TRS and ERS) and the difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension system not included in pension expense. The third item related to OPEB reported in the Government-Wide statement of net position. This represents the effect of the net changes of assumptions and other inputs.

##### (f) Property Taxes

- Calendar - Real property taxes are levied annually by the Board of Education no later than September 1. Taxes are collected during the period September 1 through November 30 annually.
- Enforcement - Uncollected real property taxes are enforced by the City of Troy (the City) and the County of Rensselaer (the County). An amount representing all uncollected real property taxes must be transmitted by the City and County to the District within two years from the return of unpaid taxes to the City and County.

##### (g) Budgetary Procedures and Budgetary Accounting

- Budget Policies - The budget policies are as follows:
  - The District administration prepares a proposed budget for approval by the Board of Education for the general fund.
  - The voters within the District approve the proposed appropriation budget for the general fund.
  - Appropriations are adopted at the program level.

## ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (g) Budgetary Procedures and Budgetary Accounting, Continued

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

The following supplemental appropriations beyond the carryover of the June 30, 2021 encumbrances of \$2,645,114 occurred during the year:

Various gifts	\$ <u>3,553</u>
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- Encumbrances - Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed as a control in preventing over expenditure of established appropriations. Open encumbrances are reported as reservations of fund balance since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.
- Budget Basis of Accounting - Budgets are adopted annually on the basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

##### (h) Cash and Investments

Investment and Deposit Policy - The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Assistant Superintendent for Business.

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

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

## ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (h) Cash and Investments, Continued

Interest Rate Risk - Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States Agencies.
- Obligations of New York State and its localities.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the FDIC shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States Agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.

Investments - The District has few investments (primarily donated scholarship funds) and chooses to disclose its investments by specifically identifying each. The District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value, and are categorized as either:

GAAP establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

## ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (h) Cash and Investments, Continued

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

All of the District's investments are valued based on level 1 of the hierarchy.

The following is a description of the valuation methodologies used for investments measured at fair value:

Cash and equivalents - Valued at cost plus accrued interest, which approximates fair market value.

Common stocks and mutual funds - Valued at the net assets value (NAV) of shares held at year end. The NAV is the closing price reported on the open market on which the securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk.

The District does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

##### (i) Accounts Receivable

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

## ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (j) Inventory

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

##### (k) Interfund Transfers

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The 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, eliminations have been made for all interfund receivables and payables between the funds.

##### (l) Equity 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) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

Restricted net position - reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unassigned net position - reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Fund statements - In the fund basis 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 required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school food service fund at June 30, 2022.

Restricted fund balance includes amounts restricted when constraints placed on the use of resources 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.

## ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (1) Equity Classifications, Continued

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District Board and contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements such as the award of a bid by the District Board. The District had no committed fund balances at June 30, 2022.

Assigned fund balance includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include funds that are legally mandated to be accounted for separately as well as amounts that have been contractually obligated by the District or designated by the District Board for ensuing year's budget.

Encumbrances in the general fund of \$4,908,489 at June 30, 2022 are classified as assigned fund balance.

Assigned for Tax Reduction - Portions of fund equity are segregated for future use and are, therefore, not available for appropriation or expenditure. Assignments of unassigned fund balances in governmental funds indicates the use of these resources in the ensuing year's budget or tentative plans for future use. The District had no assigned for tax reduction at June 30, 2022.

Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

The unassigned portion reports remaining fund balance that has not been assigned or restricted. NYS Real Property Tax Law 1318 restricts the unreserved, unassigned fund balance of the general fund to an amount not greater than 4% of the District's budget for the ensuing fiscal year.

The 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 balances are determined first and then restricted fund balances 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.

The following is a description of the restrictions utilized by the District:

##### Workers' Compensation Reserve

This reserve is used to accumulate funds for the purpose of paying for compensation benefits and other expenditures authorized under Article 2 of the New York State Workers' Compensation Law and according to General Municipal Law §6-j.

## ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (1) Equity Classifications, Continued

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 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. This reserve is accounted for in the general fund.

##### Reserve for Employee Benefit Accrued Liability

Authorized by General Municipal Law §6-p, this reserve is used to accumulate funds for the payment of any accrued employee benefit due to an employee upon termination of service. This reserve fund was established by a majority vote of the Board of Education and is funded by budgetary appropriations. This reserve is accounted for in the general fund.

##### Reserve for Debt Service

Authorized by General Municipal Law §6-i, this reserve is used to account for remaining bond proceeds not utilized for the intended purpose. These monies must be used to pay the debt service of the obligations from which they originated.

##### Unemployment Insurance Reserve

Authorized by General Municipal Law §6-m the Unemployment Insurance Reserve 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 retirement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the general fund.

##### Retirement Reserve

Authorized by General Municipal Law §6-r, the Retirement Reserve 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 the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the general fund.

##### Capital Reserve

Authorized by Education Law §3651, this reserve must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law.



## ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (l) Equity Classifications, Continued

###### Certiorari Reserve

Authorized by Education Law §3651, this reserve is used to fund tax certiorari and to expend from the reserve without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgements 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.

###### Liability Reserve

Authorized by Education Law §1950, this reserve is used to settle pending liability claims. The funds cannot be used for any other purpose except the Board of Education may use the monies to purchase insurance policies to cover losses previously self-insured. This reserve is accounted for in the general fund.

##### (m) Postemployment Benefits

In addition to providing the retirement benefits described in note 2(b), the District provides postemployment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contract negotiated between the District and its employee groups. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. Currently, approximately 575 retirees and their spouses meet those eligibility requirements. The District pays 100% of the cost of premiums to an insurance company which provides health care insurance, and is reimbursed a portion of the cost from certain retiree groups. In the governmental funds, the District recognized the net cost of providing benefits for the year ended June 30, 2022 by recording approximately \$4.7 million, its share of insurance premiums for currently enrolled retirees, as an expenditure.

##### (n) Due To/From Other Funds

The amounts reported on the balance sheet - governmental funds, for due to and due from other funds represents amounts due between different fund types. Eliminations have been made for amounts due to and due from the same fund type.

##### (o) Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to July 1, 2009. For assets acquired prior to July 1, 2009, actual or estimated historical costs based on an appraisal conducted by an independent third-party professional were used. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar amount 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:

# ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

## Notes to Financial Statements, Continued

### (1) Summary of Significant Accounting Policies, Continued

#### (o) Capital Assets, Continued

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Lives</u>
Buildings	\$5,000	SL	20 - 40 years
Building improvements	5,000	SL	20 - 30 years
Land improvements	5,000	SL	20 years
Machinery and equipment	5,000	SL	5 - 20 years
Infrastructure	5,000	SL	20 years
Vehicles and trucks	5,000	SL	8 years

#### (p) 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.

- Total fund balances of governmental funds differ from “net assets” of governmental activities reported in the statement of net position. The difference primarily results from the additional long-term economic focus of the statement of net position (deficit) versus the solely current financial resources focus of governmental fund balance sheets.

- Statement of Revenue, Expenditures and Changes in Fund Balances 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 Differences

Long-term revenue differences arise because governmental funds report revenue only when they are considered “available”, whereas the statement of activities and change in net position 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.

## ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (p) Explanation of Certain Differences Between Governmental Fund Statements and Government-Wide Statements, Continued

The costs of building and acquiring capital assets (land, buildings and equipment) financed from governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the statement of net position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.

##### Debt Transaction Differences

Debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas principal payments are recorded as a reduction of liabilities in the statement of net position. Other long-term debt differences result from the recording of compensated absences and postemployment benefits.

Because the governmental funds focus on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example receivables) are offset by deferred inflows in the governmental funds, and thus are not included in fund balance. They are, however, included in the net assets of the governmental activities.

##### (q) Use of Estimates

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

##### (r) Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation.

District employees are granted vacation in varying amounts, based principally 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. Sick leave use is based on a last-in, first out (LIFO) basis.

Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

## ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (r) Compensated Absences, Continued

Consistent with GASB Statement No. 16 - "Accounting for Compensated Absences," an accrual for accumulated leave is included in the compensated absences liability at year-end in the Government-Wide financials. The compensated absences liability is calculated based on the applicable contract rates in effect at year-end.

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

##### (s) Other Benefits

Eligible District employees participate in the New York State Teachers' Retirement System or the New York State and Local Employees' Retirement System.

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Code Section 403(b) and 457.

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement.

Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

##### (t) Short-Term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN) 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 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 District may issue Bond Anticipation Notes (BAN) 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.

## ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (t) Short-Term Debt, Continued

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenue being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

##### (u) Unamortized Bond Premium

The District issued serial bonds with original issue premiums of \$7,803,153. The premiums are amortized over the life of the debt using the effective interest method and grouped with the long-term portion of bonds payable.

##### (v) Subsequent Events

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

##### (w) Risks and Uncertainties

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

#### (2) Detail Notes On All Funds

##### (a) Assets

###### Cash

- Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2022 all deposits were fully insured and collateralized by the District's agent in the District's name.

- Restricted Cash

General - Restricted cash of \$9,639,276 consists of amounts set aside by the District to fund the District's restricted reserves.

Debt Service - Restricted cash of \$5,458,965 consists of unexpended closed capital projects and premiums earned on borrowings restricted for debt payment.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Notes to Financial Statements, Continued

(2) Detail Notes On All Funds, Continued

(a) Assets, Continued

Interfund Receivables and Payables

Interfund transactions and balances are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
General	\$ 5,863,892	528,362	-	139,809
Special aid	201,721	5,863,893	139,809	-
Capital projects	325,972	637,531	-	-
School lunch	1,641	-	-	-
Debt service	<u>636,560</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>7,029,786</u>	<u>7,029,786</u>	<u>139,809</u>	<u>139,809</u>

Interfund receivables and payables, other than between governmental activities, are eliminated on the statement of net position (deficit). The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

Other Receivables

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General fund	Repayment of sabbatical salary	\$ 32,500
General fund	Other	<u>2,909</u>
		\$ <u>35,409</u>

Health Insurance Trust

The District is a member in Capital Area Schools Health Insurance Consortium (the Consortium). The Consortium is considered a public entity risk pool which is defined as a cooperative group of governmental entities joining together to finance an exposure, liability or risk. The Consortium includes New York public school districts located in the Capital District area. The Consortium was formed on May 1, 1994, to allow member schools to obtain health insurance and prescription drug benefits at lower cost through a pooled purchasing arrangement. The Consortium procures group insurance contracts with insurance carriers for medical, prescription drug and dental benefits, in which the Consortium is not liable for any medical or dental claims. However, the Consortium also maintains a self-insured prescription drug plan for which the individual Consortium members are liable for any claims in excess of the balances maintained by the

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Notes to Financial Statements, Continued

(2) Detail Notes On All Funds, Continued

(a) Assets, Continued

Consortium. As of June 30, 2022, the District's prescription drug plan account balance maintained by the Consortium is \$4,540,355 of which \$559,000 is estimated as the outstanding estimated liability for the self-insured prescription plan. The excess balance of \$3,981,355 has been recorded as Due from Health Insurance Consortium on the statement of net position. Additionally, the Consortium has net assets attributable to the District resulting from prior premium settlement recoveries at June 30, 2022 of \$2,147,059.

The following represents changes in the prescription drug trust balances for the past two years:

	<u>2022</u>	<u>2021</u>
Unpaid claims prescription drug trust at beginning of year	\$ 554,000	543,000
Net claims	4,046,110	3,774,006
Payments made	<u>(4,041,110)</u>	<u>(3,763,006)</u>
Unpaid claims prescription drug trust end of year	\$ <u>559,000</u>	<u>554,000</u>

The Consortium issues a publicly available audited financial statements that may be obtained by contacting the treasurer of the Consortium, 12 Computer Drive West, Albany, New York 12205.

Capital Assets

Capital asset balances for the year ended June 30, 2022 are as follows:

	<u>Beginning Balance*</u>	<u>Additions</u>	<u>Adjustments/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 345,316	-	-	345,316
Construction in progress	<u>33,057,952</u>	<u>22,060,997</u>	<u>-</u>	<u>55,118,949</u>
Total capital assets not being depreciated	<u>33,403,268</u>	<u>22,060,997</u>	<u>-</u>	<u>55,464,265</u>
Capital assets being depreciated:				
Buildings	160,534,232	-	-	160,534,232
Machinery and equipment	18,235,729	834,302	(4,137)	19,065,894
Land improvements	3,974,151	-	-	3,974,151
Vehicles	786,556	-	-	786,556
Right to use assets	<u>483,054</u>	<u>187,730</u>	<u>-</u>	<u>670,784</u>
Total capital assets being depreciated	<u>184,013,722</u>	<u>1,022,032</u>	<u>(4,137)</u>	<u>185,031,617</u>

# ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

## Notes to Financial Statements, Continued

### (2) Detail Notes On All Funds, Continued

#### (a) Assets, Continued

	Beginning Balance*	Additions	Adjustments/ Reclassifications	Ending Balance
Governmental activities, continued:				
Less accumulated depreciation:				
Buildings	\$ 66,725,170	3,603,678	-	70,328,848
Machinery and equipment	16,143,190	1,067,097	(4,137)	17,206,150
Land improvements	2,067,947	173,965	-	2,241,912
Vehicles	618,658	46,750	-	665,408
Right to use assets	205,053	118,567	-	323,620
Total accumulated depreciation	85,760,018	5,010,057	(4,137)	90,765,938
Total capital assets, being depreciated, net	98,253,704	(3,988,025)	-	94,265,679
Total governmental activities, net	\$ 131,656,972	18,072,972	-	149,729,944

\*Restated for implementation for GASB Statement No. 87.

#### (b) Liabilities

##### (1) Pension Plans

###### General Information

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

###### Provisions and Administration

A 10-member Board of Trustees of the New York State Teachers' Retirement Board administers TRS. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the TRS Annual Comprehensive Financial Report, which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).



## ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

### Notes to Financial Statements, Continued

#### (2) Detail Notes On All Funds, Continued

##### (b) Liabilities, Continued

##### (1) Pension Plans, Continued

ERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee for the Fund and is the administrative head of the System. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, NY 12244 or by referring to the ERS Annual Comprehensive Report, which can be found at [www.osc.state.ny.us/retire/publications/index/php](http://www.osc.state.ny.us/retire/publications/index/php).

##### Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Notes to Financial Statements, Continued

(2) Detail Notes On All Funds, Continued

(b) Liabilities, Continued

(1) Pension Plans, Continued

Chapter 260 of the laws of 2014 of the State of New York allows local employers to bond or amortize a portion (limitations established by fiscal year) of their retirement bill up to 10 years for fiscal years ending March 31, 2005 through 2008. Chapter 57 of the laws of 2010 of the State of New York allows local employers to amortize a portion (limitations established by fiscal year) of their retirement bill for 10 years for fiscal years ended March 31, 2012 and forward.

These laws require participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts. The District has not bonded or amortized any portion of their retirement obligations.

ERS and TRS Contributions

At June 30, 2022, the District reported a net pension asset of \$33,647,131 (TRS) and \$1,933,715 (ERS) for its proportionate share of the net pension asset. The net pension asset (TRS) was measured as of June 30, 2021, and the net pension asset (ERS) was measured as of March 31, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of those dates. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The information was provided by the TRS and ERS systems in reports provided to the District.

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2021	March 31, 2022
District's proportionate share of the net pension asset	\$ 33,647,131	1,933,715
District's portion of the Plan's total net pension asset	0.194166%	0.0236552%

For the year ended June 30, 2022, the District recognized a net pension expense of \$1,973,199 in the statement of activities resulting from \$1,873,618 for TRS and \$99,581 for ERS.

# ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

## Notes to Financial Statements, Continued

### (2) Detail Notes On All Funds, Continued

#### (b) Liabilities, Continued

##### (1) Pension Plans, Continued

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 146,443	4,637,900	189,945	174,811
Changes of assumptions	3,227,153	11,067,245	54,455	1,959,846
Net difference between projected and actual investment earnings on pension plan investments	-	-	6,332,105	35,215,204
Changes in proportion and differences between the District's contributions and proportionate share of contributions	64,372	603,364	61,798	205,650
District's contributions subsequent to the measurement date	<u>206,475</u>	<u>3,514,688</u>	<u>-</u>	<u>-</u>
Total	\$ <u>3,644,443</u>	<u>19,823,197</u>	<u>6,638,303</u>	<u>37,555,511</u>

##### ERS and TRS Contributions

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

<u>Year ending</u>	<u>ERS</u>	<u>TRS</u>
2023	\$ (480,871)	(4,288,078)
2024	(713,322)	(5,052,043)
2025	(1,652,292)	(6,351,612)
2026	(353,850)	(8,384,332)
2027	-	1,653,365
Thereafter	<u>-</u>	<u>1,175,698</u>
	\$ <u>(3,200,335)</u>	<u>(21,247,002)</u>

##### TRS Actuarial Assumptions

The total pension asset at June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension asset to June 30, 2022. The actuarial valuation used the following actuarial assumptions:

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Notes to Financial Statements, Continued

(2) Detail Notes On All Funds, Continued

(b) Liabilities, Continued

(1) Pension Plans, Continued

TRS Actuarial Assumptions, Continued

Actuarial cost method	Entry age normal
Inflation rate	2.40%
Projected salary increases	Rates of increase differ based on service. They have been calculated based upon recent TRS member experience.

	<u>Service</u>	<u>Rate</u>
	5	5.18%
	15	3.64%
	25	2.50%
	35	1.95%
Projected COLAs	1.3% compounded annually	
Investment rate of return	6.95% 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 MP 2020, applied on a generational basis. Active members mortality rates are based on plan member experience.

The long-term 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.

ERS Actuarial Assumptions

The total pension asset at June 30, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension asset to March 31, 2022. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the valuation were as follows:

Inflation rate	2.7%
Salary increase	4.4%
Projected COLA	1.4%
Investment Rate of Return	5.9%

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Notes to Financial Statements, Continued

(2) Detail Notes On All Funds, Continued

(b) Liabilities, Continued

(1) Pension Plans, Continued

Long-Term Expected Rate of Return, Continued

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020.

The actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

Long-Term Expected Rate of Return

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for TRS and ERS are as follows:

Measurement date	<u>ERS</u>		<u>TRS</u>	
	March 31, 2022		June 30, 2021	
	Long-term expected real rate of of return*	Target allocation	Long-term expected real rate of return*	Target allocation
Asset class:				
Domestic equity	3.30%	32%	6.80%	33%
International equity	5.85%	15%	7.60%	16%
Real estate equity	5.00%	9%	6.50%	11%
Global equity	-	-	7.10%	4%
Domestic fixed income	-	-	1.30%	16%
Global bonds	-	-	0.80%	2%
High-yield bonds	-	-	3.80%	1%
Real estate debt	-	-	3.30%	7%
Private equity	6.50%	10%	10.00%	8%
Private debt	-	-	5.90%	1%
Real assets	5.80%	3%	-	-
Fixed income	-	23%	-	-
Opportunistic/ARS portfolio	4.10%	3%	-	-
Credit	3.78%	4%	-	-
Cash	-1.00%	1%	0.20%	1%
		<u>100%</u>		<u>100%</u>

\* Real rates of return are net of a long-term inflation assumption of 2.4% for TRS and 2.5% for ERS.

# ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

## Notes to Financial Statements, Continued

### (2) Detail Notes On All Funds, Continued

#### (b) Liabilities, Continued

##### (1) Pension Plans, Continued

###### Discount Rate

The discount rate used to calculate the total pension asset was 6.95% for TRS and 5.9% ERS. 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 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 Assets (Liability) to the Discount Rate Assumption

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

###### ERS

	1% Decrease (4.9%)	Current Discount Rate (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension asset (liability)	\$ (4,977,361)	1,933,715	7,714,996

###### TRS

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset	\$ 3,530,776	33,647,131	58,957,743

###### Pension Plan Fiduciary Net Position

The components of the net pension asset (TRS and ERS) of the employer as of June 30, 2021 and March 31, 2022, respectively, are as follows (in thousands):

	<u>TRS</u>	<u>ERS</u>
Employers' total pension liability	\$ (130,819)	(223,875)
Plan fiduciary net position	148,148	232,050
Employers' net pension asset	\$ 17,329	8,175
Ratio of plan fiduciary net position to the employers' total pension liability	113.2%	103.65%

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Notes to Financial Statements, Continued

(2) Detail Notes On All Funds, Continued

(b) Liabilities, Continued

(1) Pension Plans, Continued

Payables and Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued employer retirement contributions as of June 30, 2022 amounted to \$3,514,688, along with employee withholdings of \$512,739 as of June 30, 2022.

For ERS, employer contributions are paid annually based on the System's fiscal year, which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$206,475. Employee contributions are remitted monthly.

(2) Other Postemployment Benefits (OPEB)

• General Information about the OPEB Plan

Plan Description - The District's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District's Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided - The District provides healthcare and life insurance 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 District offices and are available upon request.

Employees Covered by Benefit Terms - At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	575
Active employees	<u>630</u>
	<u>1,205</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Notes to Financial Statements, Continued

(2) Detail Notes On All Funds, Continued

(b) Liabilities, Continued

(2) Other Postemployment Benefits (OPEB), Continued

• Total OPEB Liability

The District's total OPEB liability of \$147,079,277 was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.6%, average, including inflation
Discount rate	2.16%
Healthcare cost trend rates	5.3% for 2022, decreasing to an ultimate rate of 4.1% over 55 years

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	1% <u>Decrease</u>	Current Discount <u>Rate</u>	1% <u>Increase</u>
Total OPEB liability	\$ <u>173,380,825</u>	<u>147,079,227</u>	<u>126,261,512</u>

• Changes in the Total OPEB Liability

Balance at June 30, 2021	\$ 178,013,942
Changes for the year:	
Service cost	7,961,852
Interest	3,965,845
Change of assumptions	(38,093,199)
Benefit payments	<u>(4,769,163)</u>
Net changes	<u>(30,934,665)</u>
Balance at June 30, 2022	\$ <u>147,079,277</u>



ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Notes to Financial Statements, Continued

(2) Detail Notes On All Funds, Continued

(b) Liabilities, Continued

(2) Other Postemployment Benefits (OPEB), Continued

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

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

	1% <u>Decrease</u>	Healthcare Cost Trend <u>Rate</u>	1% <u>Increase</u>
Total OPEB liability	\$ <u>121,862,717</u>	<u>147,079,277</u>	<u>180,271,355</u>

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$4,707,058.

At June 30, 2022, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 25,583,235	50,248,078
Changes in assumptions	<u>1,181,304</u>	<u>10,378,273</u>
	\$ <u>26,764,539</u>	<u>60,626,351</u>

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

<u>Year ending</u>	<u>Amount</u>
2023	\$ (7,220,639)
2024	(7,220,639)
2025	(7,220,639)
2026	(4,959,186)
2027	(2,851,995)
Thereafter	<u>(4,388,714)</u>
	\$ <u>(33,861,812)</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Notes to Financial Statements, Continued

(2) Detail Notes On All Funds, Continued

(b) Liabilities, Continued

(3) Indebtedness

Short-Term Debt

Transactions in short-term debt related to bond anticipation notes for the year ended June 30, 2022 are as follows:

<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
6/8/2023	4.00%	\$ -	36,000,000	-	36,000,000
6/9/2022	1.50%	21,000,000	-	(21,000,000)	-
6/9/2022	0.20%	<u>5,000,000</u>	<u>-</u>	<u>(5,000,000)</u>	<u>-</u>
		<u>\$ 26,000,000</u>	<u>36,000,000</u>	<u>(26,000,000)</u>	<u>36,000,000</u>

Interest on short-term debt in the Government-Wide statement of activities for the year ended June 30, 2022 was composed of :

Interest paid	\$ 325,000
Less interest accrued in the prior year	(15,812)
Less amortization of BAN premium	(635,960)
Plus interest accrued in the current year	<u>86,795</u>
Total expense (benefit)	\$ <u>(239,777)</u>

Long-term Debt

• Serial Bonds

The District borrows money in order to acquire or construct building and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the District. During the current year, the District recognized \$2,373,100 of expenditures for serial and statutory bond debt interest in the governmental funds statement of revenue, expenditures and changes in fund balances.

Interest on long-term debt in the Government-Wide statement of activities for the year ended June 30, 2022 was composed of:

Interest paid	\$ 2,373,110
Less interest accrued in the prior year	(247,815)
Less amortization of bond premium	(586,272)
Plus interest accrued in the current year	<u>156,100</u>
Total expense	\$ <u>1,695,123</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Notes to Financial Statements, Continued

(2) Detail Notes On All Funds, Continued

(b) Liabilities, Continued

(3) Indebtedness, Continued

• Other Long-Term Debt

In addition to the above long-term debt, the District had the following noncurrent liabilities:

Compensated Absences - represents the value of the earned and unused portion of the liability for employees' vacation and sick pay which has not been accrued in the General Fund.

Other Postemployment Benefits - represents the District's obligation for postemployment benefits provided to retirees and current employees upon their retirement.

Pension Liability - represents the District's liability for its proportionate share of the ERS pension.

• Changes

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

	Balance <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2022</u>
Due to workers' compensation plan	\$ 1,491,289	-	(616,671)	874,618
Bonds	60,988,400	-	(6,223,400)	54,765,000
Unamortized bond premium	4,759,606	-	(586,272)	4,173,334
Compensated absences	3,879,129	-	(259,968)	3,619,161
Other postemployment benefits	178,013,942	-	(30,934,665)	147,079,277
Pension liability	<u>5,761,448</u>	<u>-</u>	<u>(5,761,448)</u>	<u>-</u>
	<u>\$ 254,893,814</u>	<u>-</u>	<u>(44,382,424)</u>	<u>210,511,390</u>

Additions and deletions to compensated absences are shown net as it is impracticable to determine these amounts separately.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Notes to Financial Statements, Continued

(2) Detail Notes On All Funds, Continued

(b) Liabilities, Continued

(3) Indebtedness, Continued

• Maturity

The following is a summary of the District's indebtedness:

<u>Description of Issue</u>	<u>Type</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest</u>	<u>Outstanding June 30, 2022</u>
School Construction Bonds, 2012	Serial bond	6/14/2012	6/15/2027	1.30 - 4.35%	\$ 1,955,000
Bond Authorization Series, 2014	Serial bond	7/12/2014	6/15/2029	2.00 - 5.00%	23,140,000
School District Refunding Bonds, 2015	Serial bond	3/31/2015	7/1/2028	2.00 - 5.00%	7,700,000
Government-wide Renovations, Bonds, 2016	Serial bond	6/15/2016	6/15/2031	2.00 - 5.00%	4,930,000
School District Refunding Bonds, 2017	Serial bond	11/9/2017	6/15/2025	4.00 - 5.00%	750,000
Community Schools Bonds, 2021	Serial bond	10/22/2020	10/15/2035	1.66%	950,000
District Reconstruction Bonds, 2021	Serial bond	6/1/2021	6/1/2036	2.00%	<u>15,340,000</u>
Total					<u>\$ 54,765,000</u>

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

<u>Year ending</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 6,490,000	2,105,956
2024	5,990,000	1,819,510
2025	6,240,000	1,565,146
2026	6,515,000	1,296,407
2027	6,805,000	906,839
2028-2032	17,610,000	1,745,287
2033-2036	<u>5,115,000</u>	<u>256,173</u>
Total	<u>\$ 54,765,000</u>	<u>9,695,318</u>

(4) Worker's Compensation Self-Insurance Plan

The District participates in a self-insurance plan for worker's compensation called the Rensselaer Columbia-Greene Counties Workers' Compensation Consortium (Consortium). The Consortium is a claims-servicing public entity risk pool which began operations in July 1985. The Consortium was formed by participating school districts and Questar III. The purpose of the Consortium is to operate a plan to provide the employees of the participants with worker's compensation benefits and the participants with centralized administration and insurance covering job-connected disabilities including the cost of medical treatment. The Consortium was accepted as a self-insurer by the State of New York Workers' Compensation Board effective July 1, 1985. The Consortium has a stop loss policy to protect participants from unusually high claims.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Notes to Financial Statements, Continued

(2) Detail Notes On All Funds, Continued

(b) Liabilities, Continued

(4) Worker's Compensation Self-Insurance Plan, Continued

The Consortium is governed by a Plan Agreement administered by a Board of Directors, consisting of one Director for each member. As of June 30, 2022, there were 18 participating members from Rensselaer, Columbia and Greene Counties in New York State, including Questar III. The amount held by the Consortium on behalf of the District at June 30, 2022 was \$2,780,519, with an actuarial liability of \$3,655,136 resulting in an estimated liability for self-insured workers' compensation claims of \$874,618 at June 30, 2022. The general fund reserve for workers' compensation in the amount of \$874,618 has been subsequently removed from the balance sheet and recorded on the statement of net position as a long-term liability. Payments made to the Consortium for the year ended June 30, 2022 were \$ .

The following represents changes in the self-insured workers compensation plan for the past two years:

	<u>2022</u>	<u>2021</u>
Unpaid claims, self-insured workers compensation plan, beginning of year	\$(1,491,289)	(3,637,896)
Net claims and expenses	(303,979)	(11,071)
Payments made	<u>920,650</u>	<u>2,157,678</u>
Unpaid claims, self-insured workers compensation plan, end of year	\$ <u>(874,618)</u>	<u>(1,491,289)</u>

The Consortium issues publicly available audited financial statements which may be obtained by contacting the treasurer of the Consortium, c/o Questar III, 10 Empire State Boulevard, Castleton, New York 12033.

(5) Constitutional Debt Limit

The constitution of the State of New York limits the amounts of indebtedness which may be issued by the District. The District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit does not exceed 5% on the average full valuation of taxable real estate within the District. At June 30, 2022, the District has exhausted approximately 96% of its constitutional debt limit.

## ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

### Notes to Financial Statements, Continued

#### (3) Contingencies And Commitments

##### (a) Litigation

The District is a party of various legal proceedings and other claims incidental to the ordinary course of its operations. The District is also regularly involved with certiorari actions brought by real property owners to have their assessments reduced. Liabilities, if any, are recorded when they become fixed or determinable in amount.

##### (b) Federal and State Grants

The District receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, District management believes such disallowances, if any, would not be material.

##### (c) Risk Financing and Related Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters.

##### (d) Collective Bargaining Units

The District employees are represented by collective bargaining agents. Those agents which represent them and the dates of expiration of their agreements are as follows:

<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
Troy Administrators' Association	June 30, 2025
CSEA, LOCAL 1000 AFSCME, AFL - C10	June 30, 2024
UPSEU	June 30, 2025
Troy Teachers' Association	June 30, 2025

##### (e) Tax Abatement Agreements

The County and City enter into various property tax abatement programs for the purpose of economic development. The District property tax revenue was reduced by \$4,480,531. The District received payment in lieu of tax (PILOT) payments totaling \$1,753,861 for the year ended June 30, 2022.

##### (f) Prior Defeasance of Debt

In prior years certain general obligation bonds were defeased by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the remaining defeased bonds were called and paid in full.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Notes to Financial Statements, Continued

(4) Future Implementations of GASB Pronouncements

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

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

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

Statement No. 96 - Subscription-Based Information Technology Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 99 - Omnibus 2022. Effective for various periods through fiscal years beginning after June 15, 2023.

Statement No. 100 - Accounting Changes and Error Corrections. Effective for fiscal years beginning after June 15, 2023.

(5) Cumulative Effect of Changes in Accounting Principle

For the year ended June 30, 2022, the District implemented GASB Statement No. 87 - "Leases." The implementation of this Statement resulted in reporting certain expenses as capital lease obligations as well as right to use assets. The District's net position at June 30, 2021 has been restated as follows:

Governmental Activities:

Net position (deficit) at beginning of year, as previously stated	\$ (62,077,161)
GASB Statement No. 87 implementation - right to use assets	<u>278,001</u>
Net position (deficit) at beginning of year, as restated	\$ <u>(61,799,160)</u>

## REQUIRED SUPPLEMENTARY INFORMATION



ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Required Supplementary Information  
Statement of Revenue, Expenditures and Changes in Fund Balance  
Budget and Actual - General Fund  
Year ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance with Budgetary Actual</u>
Revenue:				
Real property taxes	\$ 34,941,094	34,941,094	34,818,755	(122,339)
Other tax items	4,775,000	4,775,000	4,855,993	80,993
Nonproperty taxes	1,250,000	1,250,000	1,555,609	305,609
Charges for services	1,779,200	1,779,200	1,805,118	25,918
Use of money and property	25,000	25,000	21,514	(3,486)
Sale of property and compensation for loss	-	-	83,095	83,095
Interfund revenue and operating transfers	150,000	150,000	85,897	(64,103)
Miscellaneous	825,000	828,153	1,552,543	724,390
State sources	67,842,870	67,842,870	68,839,843	996,973
Medicaid reimbursements	200,000	200,000	248,089	48,089
Interest subsidy - Build American Bonds	<u>105,000</u>	<u>105,000</u>	<u>47,955</u>	<u>(57,045)</u>
Total revenue	<u>111,893,164</u>	<u>111,896,317</u>	<u>113,914,411</u>	<u>2,018,094</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Required Supplementary Information  
Statement of Revenue, Expenditures and Changes in Fund Balance  
Budget and Actual - General Fund, Continued

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	Final Budget Variance with Budgetary <u>Actual</u>
Expenditures:					
General support:					
Board of Education	\$ 79,000	81,560	62,580	500	18,480
Central administration	292,487	313,131	305,588	130	7,413
Finance	858,925	1,053,623	912,465	53,513	87,645
Staff	750,755	1,119,079	668,194	225,622	225,263
Central services	9,018,266	11,094,117	9,546,286	806,909	740,922
Special items	<u>1,698,566</u>	<u>1,720,623</u>	<u>1,563,435</u>	<u>8,178</u>	<u>149,010</u>
Total general support	<u>12,697,999</u>	<u>15,382,133</u>	<u>13,058,548</u>	<u>1,094,852</u>	<u>1,228,733</u>
Instruction:					
Instruction, administration and improvement	4,025,273	4,378,717	4,100,385	125,259	153,073
Teaching - regular school	31,229,450	32,206,641	31,140,927	1,520,306	(454,592)
Programs for children with handicap conditions	18,401,479	18,102,275	16,826,508	485,004	790,763
Programs for English language learners	648,099	653,227	307,688	-	345,539
Occupational education	895,777	1,005,052	887,224	-	117,828
Teaching - special school	696,321	484,001	279,031	-	204,970
Employment prep - BOCES	30,565	100,565	83,573	-	16,992
Instructional media	1,530,593	1,862,597	1,539,451	66,675	256,471
Pupil services	<u>4,083,099</u>	<u>4,279,288</u>	<u>4,317,621</u>	<u>37,132</u>	<u>(75,465)</u>
Total instruction	<u>61,540,656</u>	<u>63,072,363</u>	<u>59,482,408</u>	<u>2,234,376</u>	<u>1,355,579</u>
Pupil transportation	7,157,296	8,403,006	6,305,989	1,506,079	590,938
Community services	1,500	1,500	-	-	1,500
Employee benefits	24,841,230	25,437,306	17,728,807	73,182	7,635,317
Debt service:					
Principal	5,920,000	5,920,000	6,223,400	-	(303,400)
Interest	<u>2,869,483</u>	<u>2,869,483</u>	<u>2,698,110</u>	<u>-</u>	<u>171,373</u>
Total expenditures	<u>115,028,164</u>	<u>121,085,791</u>	<u>105,497,262</u>	<u>4,908,489</u>	<u>10,680,040</u>
Other uses - transfers out	<u>265,000</u>	<u>265,000</u>	<u>139,809</u>	<u>-</u>	<u>125,191</u>
Total expenditures and other uses	<u>\$ 115,293,164</u>	<u>121,350,791</u>	<u>105,637,071</u>	<u>4,908,489</u>	<u>10,805,231</u>
Change in fund balance			8,277,340		
Fund balance at beginning of year			<u>35,024,851</u>		
Fund balance at end of year			<u>\$ 43,302,191</u>		

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Required Supplementary Information  
Schedule of Changes in the District's  
Total OPEB Liability and Related Ratios  
Year ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability					
Service cost	\$ 7,961,852	7,253,277	4,591,827	7,294,003	6,914,141
Interest	3,965,845	3,538,505	4,469,500	5,389,122	5,131,733
Changes of benefit terms	-	1,565,176	-	(21,598,029)	-
Difference between expected and actual experience	-	-	-	-	51,728
Changes of assumptions	(38,093,199)	15,078,410	24,973,462	(36,460,786)	-
Benefit payments	<u>(4,769,163)</u>	<u>(4,538,218)</u>	<u>(4,017,797)</u>	<u>(3,708,450)</u>	<u>(4,084,418)</u>
Net change in total OPEB liability	(30,934,665)	22,897,150	30,016,992	(49,084,140)	8,013,184
Total OPEB liability - beginning	<u>178,013,942</u>	<u>155,116,792</u>	<u>125,099,800</u>	<u>174,183,940</u>	<u>166,170,756</u>
Total OPEB liability - ending	<u>\$ 147,079,277</u>	<u>178,013,942</u>	<u>155,116,792</u>	<u>125,099,800</u>	<u>174,183,940</u>
Covered payroll	\$ 36,328,139	36,328,139	35,197,225	35,197,225	36,573,553
Total OPEB liability as a percentage of covered payroll	404.86%	490.02%	440.71%	355.43%	476.26%

Notes to schedule:

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

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
3.54%	2.16%	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District should present information for those years for which information is available.

There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Required Supplementary Information  
Schedule of the District's Proportionate Share of the Net Pension Asset (Liability)  
Year ended June 30, 2022

<u>TRS System - Asset (Liability)</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the pension asset (liability)	0.194166%	0.207635%	0.205540%	0.210050%	0.209331%	0.208102%	N/A	N/A
The District's proportionate share of the net pension asset (liability)	\$ 33,647,131	(5,737,526)	5,339,954	3,797,449	1,591,127	(2,228,857)	21,677,739	22,434,544
The District's covered payroll	\$ 35,864,163	32,956,220	35,242,293	34,314,068	34,840,419	33,701,861	32,719,326	30,607,552
The District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	93.82%	-17.41%	15.15%	11.07%	4.57%	-6.61%	66.25%	73.30%
Plan fiduciary net position as a percentage of the total pension asset (liability)	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
<u>ERS System - Asset (Liability)</u>								
The District's proportion of the net pension asset (liability)	0.0236552%	0.0240244%	0.0235282%	0.0240432%	0.0240432%	N/A	N/A	N/A
The District's proportionate share of the net pension asset (liability)	\$ 1,933,715	(23,922)	(6,230,409)	(1,703,536)	(763,026)	(2,222,917)	(3,837,028)	(810,005)
The District's covered payroll	\$ 7,698,940	7,136,523	7,037,823	6,965,147	6,761,521	6,250,536	6,092,745	6,287,935
The District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	25.12%	0.34%	88.53%	24.46%	11.28%	35.56%	62.98%	12.88%
Plan fiduciary net position as a percentage of the total pension asset (liability)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District should present information for those years for which information is available.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Required Supplementary Information  
Schedule of the District's Pension Contributions  
Year ended June 30, 2022

<u>TRS System</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,140,728	3,122,467	3,643,513	3,667,723	4,190,000	4,556,697	5,781,619	5,086,355
Contribution in relation to the contractually required contribution	<u>3,140,728</u>	<u>3,122,467</u>	<u>3,643,513</u>	<u>3,667,723</u>	<u>4,190,000</u>	<u>4,556,697</u>	<u>5,781,619</u>	<u>5,086,355</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	<u>\$ 35,864,163</u>	<u>32,956,220</u>	<u>35,242,293</u>	<u>34,314,068</u>	<u>34,840,419</u>	<u>33,701,861</u>	<u>32,719,326</u>	<u>30,607,552</u>
Contribution as a percentage of covered payroll	8.76%	9.47%	10.34%	10.69%	12.03%	13.52%	17.67%	16.62%
<u>ERS System</u>								
Contractually required contribution	\$ 890,803	956,945	979,501	952,546	937,681	1,035,853	1,150,543	1,332,650
Contribution in relation to the contractually required contribution	<u>890,803</u>	<u>956,945</u>	<u>979,501</u>	<u>952,546</u>	<u>937,681</u>	<u>1,035,853</u>	<u>1,150,543</u>	<u>1,332,650</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	<u>\$ 7,698,940</u>	<u>7,136,523</u>	<u>7,037,823</u>	<u>6,965,147</u>	<u>6,761,521</u>	<u>6,250,536</u>	<u>6,092,745</u>	<u>6,287,935</u>
Contribution as a percentage of covered payroll	11.57%	13.41%	13.92%	13.68%	13.87%	16.57%	18.88%	21.19%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District should present information for those years for which information is available.

## OTHER SUPPLEMENTARY INFORMATION

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Other Supplementary Information  
Schedule of Change from Adopted Budget to Final Budget and  
the Real Property Tax Limit - General Fund  
Year ended June 30, 2022

Change from adopted budget to final budget:

Original budget	\$ 113,554,598
Add prior year's encumbrances	<u>2,645,114</u>
Adopted budget	116,199,712
Additional budget amendments	<u>6,246,804</u>
Final budget	<u><u>\$ 122,446,516</u></u>

Section 1318 of Real Property Tax Law Limit Calculation

2022-2023 voter approved expenditure budget	<u>\$ 126,903,272</u>
Maximum allowed 4% of 2022-2023 budget	<u><u>5,076,131</u></u>

General fund fund balance subject to Section 1318 of  
Real Property Tax Law\*:

Unrestricted fund balance:

Appropriated fund balance	\$ 8,308,489	
Unassigned fund balance	<u>18,558,727</u>	
Total unrestricted fund balance		26,867,216

Less:

Appropriated fund balance	3,400,000	
Encumbrances	<u>4,908,489</u>	
Total adjustments		<u>8,308,489</u>

General fund fund balance subject to Section 1318  
of Real Property Tax Law

\$ 18,558,727

Actual percentage

14.62%

- \* Per New York State 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.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Other Supplementary Information  
Schedule of Project Expenditures - Capital Projects Fund  
Year ended June 30, 2022

Project title	Project Number	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance (Deficit) 6/30/2022
				Prior Years	Current Year	Total		Proceeds of Obligations	State and Federal Aid	Local Sources	Total	
School 18 PA system Doyle middle school reconstruction (DMS)	0010.012	\$ 100,000	100,000	95,197	-	95,197	4,803	-	-	100,000	100,000	4,803
Capital outlay project	0012.015	100,000	100,000	61,877	-	61,877	38,123	-	-	100,000	100,000	38,123
Paving improvements	0009.003	100,000	100,000	94,818	-	94,818	5,182	-	-	100,000	100,000	5,182
District-wide infrastructure	0009.002	124,100	124,100	116,932	-	116,932	7,168	-	-	124,100	124,100	7,168
Emergency pool project	1	23,300,000	23,300,000	23,349,978	257,558	23,607,536	(307,536)	16,508,400	-	6,500,000	23,008,400	(599,136)
PS 2 community schools	0011.029	500,000	650,000	649,063	-	649,063	937	-	-	500,000	500,000	(149,063)
High school roof	0002.010	1,200,000	1,300,000	1,197,230	-	1,197,230	102,770	1,000,000	-	260,109	1,260,109	62,879
Emergency gym roof	0011.031	3,850,000	3,850,000	2,239,808	61,774	2,301,582	1,548,418	-	-	577,500	577,500	(1,724,082)
Building modernization project	0011.0.31	1,500,000	1,500,000	1,058,244	-	1,058,244	441,756	-	-	1,500,000	1,500,000	441,756
Capital outlay project	1	56,000,000	56,000,000	3,973,857	21,727,586	25,701,443	30,298,557	-	-	3,922,500	3,922,500	(21,778,943)
PS 12 heating and cooling	0011.032	100,000	200,000	149,402	-	149,402	50,598	-	-	200,000	200,000	50,598
PS 14 exterior repair	5.016	2,000,000	2,000,000	-	13,984	13,984	1,986,016	-	-	-	-	(13,984)
High school classroom	009.007	100,000	75,000	71,546	-	71,546	3,454	-	-	-	-	(71,546)
	0011.035	500,000	500,000	-	-	-	500,000	-	-	500,000	500,000	500,000
		<u>\$ 89,474,100</u>	<u>89,799,100</u>	<u>33,057,952</u>	<u>22,060,902</u>	<u>55,118,854</u>	<u>34,680,246</u>	<u>17,508,400</u>	<u>-</u>	<u>14,384,209</u>	<u>31,892,609</u>	<u>(23,226,245)</u>

(1) Various capital project numbers, contact district for further information.



ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Other Supplementary Information  
Net Investment in Capital Assets  
June 30, 2022

Capital assets, net			\$ 149,729,944
Deduct:			
Short-term portion of bonds and bond anticipation notes payable	\$ 42,490,000		
Long-term portion of bonds payable	48,275,000		
Unamortized bond premium	4,173,334		
Less unspent cash, capital projects	<u>(15,166,653)</u>	<u>79,771,681</u>	
Net investment in capital assets			<u>\$ 69,958,263</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Other Supplementary Information  
Combining Balance Sheet - Non-Major Governmental Funds  
June 30, 2022

	<u>School Food</u>	<u>Other Special Revenue</u>	<u>Debt Service</u>	<u>Total Non-Major Funds</u>
Assets:				
Cash:				
Unrestricted	\$ 2,009,934	371,533	-	2,381,467
Restricted	-	-	5,458,965	5,458,965
Due from other funds	1,641	-	636,560	638,201
State and federal aid	493,459	-	-	493,459
Inventory	<u>62,577</u>	<u>-</u>	<u>-</u>	<u>62,577</u>
Total assets	<u><u>2,567,611</u></u>	<u><u>371,533</u></u>	<u><u>6,095,525</u></u>	<u><u>9,034,669</u></u>
Liabilities:				
Accounts payable	52,889	-	-	52,889
Accrued liabilities	5,554	-	-	5,554
Due to other governments	<u>580</u>	<u>-</u>	<u>-</u>	<u>580</u>
Total liabilities	<u><u>59,023</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>59,023</u></u>
Fund balances:				
Nonspendable - inventory	62,577	-	-	62,577
Restricted for debt service	-	-	6,095,525	6,095,525
Assigned for:				
Food service	2,446,011	-	-	2,446,011
Other special revenue	<u>-</u>	<u>371,533</u>	<u>-</u>	<u>371,533</u>
Total fund balances	<u><u>2,508,588</u></u>	<u><u>371,533</u></u>	<u><u>6,095,525</u></u>	<u><u>8,975,646</u></u>
Total liabilities and fund balances	<u><u>\$ 2,567,611</u></u>	<u><u>371,533</u></u>	<u><u>6,095,525</u></u>	<u><u>9,034,669</u></u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Other Supplementary Information  
Combining Statement of Revenue, Expenditures and Changes in Fund Balance -  
Non-Major Governmental Funds  
Year ended June 30, 2022

	<u>School Food</u>	<u>Other Special Revenue</u>	<u>Debt Service</u>	<u>Total Non-Major Funds</u>
Revenue:				
Use of money and property	\$ -	-	4,551	4,551
State sources	53,146	-	-	53,146
Federal sources	2,975,104	-	-	2,975,104
Miscellaneous	49,926	106,119	-	156,045
Sales	50,576	-	-	50,576
Total revenue	<u>3,128,752</u>	<u>106,119</u>	<u>4,551</u>	<u>3,239,422</u>
Expenditures:				
Instruction	-	102,634	-	102,634
Cost of sales	2,925,650	-	-	2,925,650
Total expenditures	<u>2,925,650</u>	<u>102,634</u>	<u>-</u>	<u>3,028,284</u>
Excess of revenue over expenditures	203,102	3,485	4,551	211,138
Other financing sources - premium on BAN issuance	<u>-</u>	<u>-</u>	<u>635,761</u>	<u>635,761</u>
Excess of revenue and other financing sources over expenditures	203,102	3,485	640,312	846,899
Fund balance at beginning of year	<u>2,305,486</u>	<u>368,048</u>	<u>5,455,213</u>	<u>8,128,747</u>
Fund balance at end of year	<u>\$ 2,508,588</u>	<u>371,533</u>	<u>6,095,525</u>	<u>8,975,646</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Other Supplementary Information  
Combining Balance Sheet - Other Special Revenue Funds  
June 30, 2022

	Extraclassroom		
	Activity	Scholarship	
	<u>Funds</u>	<u>Fund</u>	<u>Total</u>
Assets - cash	\$ 64,801	306,732	371,533
Fund balance - assigned	\$ 64,801	306,732	371,533

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Other Supplementary Information  
Combining Statement of Revenue, Expenditures and Changes in Fund Balance -  
Other Special Revenue Funds  
Year ended June 30, 2022

	Extraclassroom Activity <u>Funds</u>	Scholarship <u>Fund</u>	<u>Total</u>
Revenue - interest	\$ 91,056	15,063	106,119
Expenditures - program expense	83,359	19,275	102,634
Excess (deficiency) of revenue over expenditures	7,697	(4,212)	3,485
Fund balance at beginning of year	57,104	310,944	368,048
Fund balance at end of year	<u>\$ 64,801</u>	<u>306,732</u>	<u>371,533</u>

FEDERAL GRANT COMPLIANCE AUDIT  
Award Program Information

**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**

The Board of Education  
Enlarged City School District of Troy, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Enlarged City School District of Troy, New York (the District) as of and for the year ended June 30, 2022, and the related notes to financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated November 10, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify deficiencies in internal control, described in the accompanying schedule of financial statement findings as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

#### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of financial statement findings as items 2022-001 and 2022-002.

#### District's Response to Findings

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

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York  
November 10, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Education  
Enlarged City School District of Troy, New York:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

## Responsibilities of Management for Compliance

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

## Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we

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

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

## Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-003. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

#### Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

EFPR Group, CPAs, PLLC

Williamsville, New York  
November 10, 2022

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2022

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>Assistance Listing Number</u>	<u>Agency or pass-through number</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Education - passed through New York				
State Education Department:				
ESEA Title I	84.010	0021-22-2530	\$ 1,334,047	-
ESEA Title I	84.010	0021-21-2194	195,022	-
ESEA Title I	84.010	0021-21-2530	560,889	-
Title I School Improvement	84.010	0011-22-2530	115,735	-
Title I School Improvement	84.010	0011-21-2194	139,347	-
Title I School Improvement	84.010	0011-21-2794	206,253	-
Title I Delinquent Facilities	84.010	0016-22-2530	8,091	-
Title I Delinquent Facilities	84.010	0016-21-2530	1,765	-
			<u>2,561,149</u>	<u>-</u>
Special Education Cluster (IDEA):				
IDEA, Part B, Section 611	84.027	0032-21-0760	1,138,522	-
IDEA, Part B, Section 611	84.027	0032-21-0760	6,611	-
			1,145,133	-
IDEA, Part B, Section 619	84.173	0033-22-0760	76,972	-
Total Special Education Cluster			<u>1,222,105</u>	<u>-</u>
School Safety National Activities	84.184	0478-21-1016	357	-
Title VII - Education for Homeless Children and Youth	84.196	0212-22-3072	20,000	-
Title VII - Education for Homeless Children and Youth	84.196	0212-21-3034	58,844	-
Title VII - Education for Homeless Children and Youth	84.196	0212-21-3034	37,211	-
			<u>116,055</u>	<u>-</u>
Twenty-First Century Community Learning	84.287	0187-22-7120	827,856	-
Twenty-First Century Community Learning	84.287	0187-21-7120	374,601	-
			<u>1,202,457</u>	<u>-</u>
Title III, Part A, LEP	84.365	0293-21-2530	13,171	-
Title III, Part A, LEP	84.365	0293-21-2530	10,897	-
			<u>24,068</u>	<u>-</u>
Title II - Part A - Teaching and Principal Training	84.367	0147-21-2530	188,896	-
Title II - Part A - Teaching and Principal Training	84.367	0147-21-2530	67,778	-
			<u>256,674</u>	<u>-</u>

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Schedule of Expenditures of Federal Awards, Continued

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>Assistance Listing Number</u>	<u>Agency or pass-through number</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
Title IV - Student Support and Academic Enrichment Program	84.424	0204-21-2530	\$ 77,293	-
Title IV - Student Support and Academic Enrichment Program	84.424	0204-21-2530	113,757	-
			<u>191,050</u>	<u>-</u>
Elementary and Secondary School Emergency Relief Homeless Children and Youth	84.425W	5212-21-3034	1,694	-
Elementary and Secondary School Emergency Relief Fund (ESSER) Fund (COVID-19)	84.425U	5218-21-2530	2,823,232	-
Elementary and Secondary School Emergency Relief Fund (ESSER) Fund (COVID-19)	84.425U	5880-21-2530	4,326	-
Elementary and Secondary School Emergency Relief Fund (ESSER) Fund (COVID-19)	84.425D	5891-21-2530	1,387,883	-
			<u>4,217,135</u>	<u>-</u>
Total U.S. Department of Education			<u>9,791,050</u>	<u>-</u>
U.S. Department of Agriculture - Child Nutrition Cluster:				
School Breakfast Program	10.553		734,601	-
National School Lunch Program	10.555		2,219,450	-
National School Lunch Program	10.555		21,053	-
			<u>2,240,503</u>	<u>-</u>
Total U.S. Department of Agriculture - Child Nutrition Cluster			<u>2,975,104</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 12,766,154</u>	<u>-</u>

See accompanying notes to schedule of expenditures of federal awards.

# ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

## Notes to Schedule of Expenditures of Federal Awards

June 30, 2022

### (1) Summary of Certain Significant Accounting Policies

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the Enlarged City School District of Troy, New York (the District), which is described in note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

### (2) Scope of Audit Pursuant to the Uniform Guidance

The District is an independent municipal corporation. All federal grant operations of the District are included in the scope of the single audit.

### (3) Food Donation

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2022, the District received food commodities totaling \$1,733,463.

### (4) Relationship to Basic Financial Statements

Federal awards revenue is reported in the District's financial statements as follows:

Federal aid per financial statements	\$ 13,062,198
Less federal Medicaid and other federal receipts	<u>(296,044)</u>
Total federal assistance	\$ <u>12,766,154</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Notes to Schedule of Expenditures of Federal Awards, Continued

(5) Indirect Cost Rate

The District has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance. The District's indirect cost rate is established by New York State.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the basic financial statement audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

1. Material weakness(es) identified?

\_\_\_\_ Yes x No

2. Significant deficiency(ies)?

x Yes \_\_\_\_ None reported

3. Noncompliance material to financial statements noted?

\_\_\_\_ Yes x No

Federal Awards:

Internal control over major programs:

4. Material weakness(es) identified?

\_\_\_\_ Yes x No

5. Significant deficiency(ies)?

x Yes \_\_\_\_ None reported

Type of auditors' report issued on compliance for major programs:

Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)?

x Yes \_\_\_\_ No

7. The District's major programs audited were:

Assisted Listing  
Number

Name of Federal Programs

Title I Grants to Local Educational Agencies

84.010

Twenty-first Century Community Learning Centers

84.287

Title IIA Total Supporting Effective Instruction State Grant

84.367

8. Dollar threshold used to distinguish between Type A and Type B programs.

\$750,000

9. Auditee qualified as low-risk auditee?

\_\_\_\_ Yes x No

Part II - FINANCIAL STATEMENT FINDINGS SECTION

See page 75.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

See page 76.



ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Schedule of Findings and Questioned Costs, Continued

General Condition of the Accounting Records

Reference: 2022-001

Criteria - The District's records must be kept in accordance with accounting principles generally accepted in the United States of America.

Condition - During our audit we proposed several adjustments to the balance sheet and statement of revenue, expenditures and changes in fund balances (deficit) reports to properly adjust certain accounts.

Cause - Unknown.

Effect - These adjustments resulted in material changes to the General Fund, Special Aid Fund, Extraclassroom Fund and Scholarship Fund.

Recommendation - We recommend that management assess the current administrative burden of the accounting staff and determine where additional assistance would be most beneficial.

Management's Response - Management will consider the need for additional assistance with the administrative accounting functions and hire personnel as deemed necessary. Also management will more aggressively monitor year-end cutoffs for potential payables.

Section 1318 of the New York State Real Property Tax Law

Reference: 2022-002

Criteria - This District's general fund balance subject to §1318 of the New York State Real Property Tax Law was in excess of the 4% limit, at 14.62% as of June 30, 2022.

Effect - The District is not in compliance with §1318 of the New York State Real Property Tax Law as its unassigned fund balance at June 30, 2022 of \$18,558,727 was at 14.62% of the 2022-2023 voter approved expenditure budget.

Cause - Expenditures for the year ended June 30, 2022 were under the revised budget by \$10,805,231, creating a surplus of \$8,277,340.

Recommendation - The District should implement procedures to assess general fund fund balance subject to New York State Real Property Tax Law to ensure compliance with the 4% limitation, and make appropriate adjustments to the restricted or appropriated fund balance before the real property tax is levied.

Management's Response - Management will closely monitor fund balance throughout the following fiscal year and during the budget preparation process.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK  
Schedule of Findings and Questioned Costs, Continued

Schedule of Expenditures of Federal Awards

Reference: 2022-003

Criteria - The District's records must be kept in accordance with accounting principles generally accepted in the United States of America.

Condition - During our audit we proposed several adjustments to properly state the schedule of expenditures of federal awards.

Cause - Unknown

Effect - The schedule of expenditures of federal awards was materially misstated.

Recommendation - We recommend that management assess the current administrative burden of the accounting staff and determine where additional assistance would be most beneficial.

Management's Response - Management will consider the need for additional assistance with the administrative accounting functions and hire personnel as deemed necessary. Also, management will more aggressively monitor year-end cutoffs for potential payables.

## ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

### Status of Prior Year Audit Findings

June 30, 2022

Reference: 2021-001

Criteria - During the audit for the year ended June 30, 2021, it was noted that several late changes were made to the balance sheet and statement of revenue, expenditures and changes in fund balance (deficit) reports to properly adjust certain accounts. These late adjustments, while initiated by District accounting staff, caused significant delays in the audit process. As part of the audit it was also noted that several accounts required proposed, passed on or manually re-classified adjustments to the financial statements. In particular there were proposed material adjustments to the capital projects and special aid funds' accounts payable and related expenditure accounts.

Status - This finding was repeated as finding 2022-001.

Reference: 2021-002

Criteria - During the audit for the year ended June 30, 2021 of the special aid fund it was noted that a material amount of open purchase orders (encumbrances) were recorded as accounts payable in the accounting system. This situation was discussed with management who represented that several factors caused the late ordering of equipment, supplies and other materials, such as back orders due to COVID-19 shortages and also internal delays due to the potential reduction in State Aid. While this finding did not materially involve compliance over major federal programs, it was considered to be a significant deficiency of federally funded programs in the aggregate. It was reiterated to management that unless legal title of goods has transferred or services were performed, these items would not qualify as expenditures and payables under accounting principles generally accepted in the United States of America.

Status - This finding cleared in the current year.

Reference: 2021-003

Criteria - The general fund balance subject to §1318 of New York State Real Property Tax Law was in excess of the 4% limit as of June 30, 2021.

Status - This finding is repeated as finding 2022-002 current year.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

Corrective Action Plan

Year ended June 30, 2022

Name of Auditee: Enlarged City School District of Troy, New York

Name of Audit Firm: EFPR Group, CPAs, PLLC

Period Covered by the Audit: Year ended June 30, 2022

CAP Prepared by: Adam Hotaling

Phone: (518) 328-5005

(A) Current Finding on the Schedule of Findings and Questioned Costs

(1) Finding 2022-001

- (a) Comments on the finding and recommendation - The District agrees with the finding and agrees with the recommendation.
- (b) Action taken - Management will consider the need for additional assistance with the administrative accounting functions and hire personnel as deemed necessary. Also management will more aggressively monitor year end cutoffs for potential adjustments.
- (c) Anticipated Completion Date - June 30, 2023

(2) Finding 2022-002

- (a) Comments on the finding and recommendation - The District agrees with the finding and agrees with the recommendation.
- (b) Action taken - Management will closely monitor fund balance throughout the fiscal year and during the budget process.
- (c) Anticipated Completion Date - June 30, 2023

(3) Finding 2022-003

- (a) Comments on the finding and recommendation - The District agrees with the finding and agrees with the recommendation.
- (b) Action taken - Management will consider the need for additional assistance with the administrative accounting functions and hire personnel as deemed necessary. Also management will more aggressively monitor year end cutoffs for potential adjustments.
- (c) Anticipated Completion Date - June 30, 2023