

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
ANNUAL FINANCIAL REPORT
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ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

MANAGEMENT'S DISCUSSION

AND ANALYSIS (UNAUDITED)

JUNE 30, 2020

As management of the Enlarged City School District of Troy, New York, 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 fiscal year ending June 30, 2020. 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 \$3,152,148 and \$6,858,807 during the course of 2020 and 2019, respectively, primarily due to the additions to capital assets in 2020 and 2019.
- Government-wide revenues were \$120,979,840 and \$118,981,795 for 2020 and 2019, respectively; district wide expenditures were \$117,827,692 and \$112,122,988 for 2020 and 2019, respectively.
- General fund revenues were greater than general fund expenditures by \$3,105,224 and \$609,134 for the years ended June 30, 2020 and 2019, respectively.
- General fund equity was \$26,412,907 at June 30, 2020 as compared to \$23,307,683 at June 30, 2019.

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

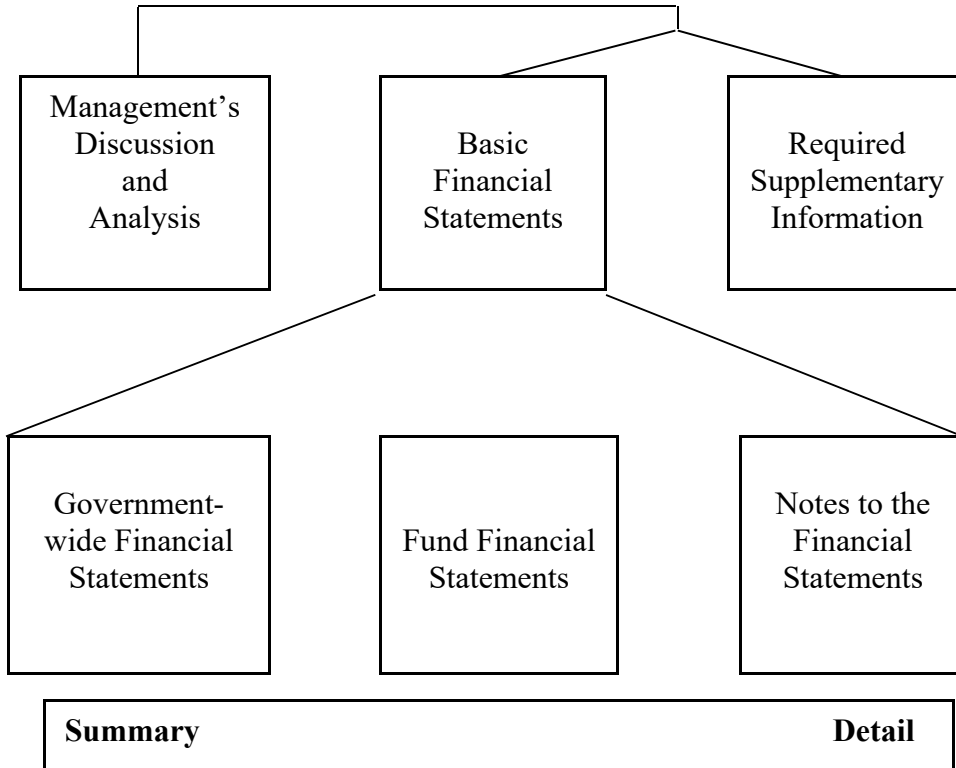
The financial statements also include notes that provide additional information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's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

JUNE 30, 2020

Table A-1: Organization of the Enlarged City School District of Troy, New York's Annual Financial Report



ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2020

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 Entity-wide and Fund Financial Statements

<u>Description</u>	<u>Government-wide Statements</u>	<u>Fund Financial Statements</u>	
		<u>Governmental</u>	<u>Fiduciary</u>
1. Scope	Entire district (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as employee benefits
2. Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position (District) • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
3. Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
4. Type of asset and 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	All assets and liabilities, both financial and capital, short-term and long-term; funds do not contain capital assets, although they can
5. Type of inflow and outflow information	All revenues and expenses during year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2020

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 revenues 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 14-15 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. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

- ***Governmental funds***: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps 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.
- ***Fiduciary funds***: The District is the trustee or *fiduciary* for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The fund financial statements can be found on pages 16-18 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 \$(67,188,282) at June 30, 2020 primarily due to the recognition of the District's other postemployment liability in accordance with GASB 75 among other accruals. We refer you to the notes to the financial statements for more detailed information.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2020

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

	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2019</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
Current and Other Assets	\$ 53.0	\$ 50.5	\$ 2.5	4.9%
Capital Assets	132.2	129.6	2.6	2.0%
Pension Assets, Net	<u>5.3</u>	<u>3.8</u>	<u>1.5</u>	39.5%
Total Assets	<u>190.5</u>	<u>183.9</u>	<u>6.6</u>	3.6%
Deferred Outflows	<u>42.7</u>	<u>20.9</u>	<u>21.8</u>	104.3%
Current Liabilities	32.5	34.0	(1.5)	(4.4%)
Long-term Debt Outstanding	<u>217.4</u>	<u>179.6</u>	<u>37.8</u>	21.1%
Total Liabilities	<u>249.9</u>	<u>213.6</u>	<u>36.3</u>	17.0%
Deferred Inflows	<u>50.5</u>	<u>61.6</u>	<u>(11.1)</u>	(18.0%)
Investment in Capital Assets, Net of Related Debt	63.6	55.2	8.4	15.2%
Restricted	10.4	16.8	(6.4)	(38.1%)
Unassigned Deficit	<u>(141.2)</u>	<u>(142.4)</u>	<u>1.2</u>	.8%
Total Net Position (Deficit)	<u>\$ (67.2)</u>	<u>\$ (70.4)</u>	<u>\$ 3.2</u>	4.5%

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 (UNAUDITED) (CONTINUED)

JUNE 30, 2020

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

	Fiscal Year 2020	Fiscal Year 2019	Increase/ Decrease	Percentage Change
Changes in Net Position from Operating Results				
Program Revenues:				
Charges for Services	\$ 713,336	\$ 777,655	\$ (64,319)	(8.3%)
Operating Grants	10,887,362	12,739,401	(1,852,039)	(14.5%)
General Revenues:				
Real Property & Utility Taxes	40,140,248	39,490,485	649,763	1.6%
Use of Money and Property	353,228	371,769	(18,541)	(5.0%)
Miscellaneous	1,691,638	1,237,581	454,057	36.7%
State Sources	67,008,952	63,948,771	3,060,181	4.8%
Federal Sources	<u>185,076</u>	<u>416,133</u>	<u>(231,057)</u>	<u>(55.5%)</u>
Total Revenues	<u>120,979,840</u>	<u>118,981,795</u>	<u>1,998,045</u>	<u>1.7%</u>
Expenses:				
General Support	9,001,163	10,323,909	(1,322,746)	(12.8%)
Instruction	67,843,325	67,286,655	556,670	0.8%
Pupil Transportation	6,235,851	5,228,095	1,007,756	19.3%
Employee Benefits	24,993,457	20,301,675	4,691,782	23.1%
Interest and Other Debt Expense	2,222,340	2,439,761	(217,421)	(8.9%)
Other	1,751,609	2,403,090	(651,481)	(27.1%)
Depreciation - Unallocated	<u>5,779,947</u>	<u>4,139,803</u>	<u>1,640,144</u>	<u>39.6%</u>
Total Expenses	<u>117,827,692</u>	<u>112,122,988</u>	<u>5,704,704</u>	<u>5.1%</u>
Change in Net Position	<u>\$ 3,152,148</u>	<u>\$ 6,858,807</u>	<u>\$ (3,706,659)</u>	<u>(54.0%)</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
*MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)*
JUNE 30, 2020

Table A-5: Sources of Revenue for Fiscal Year 2020

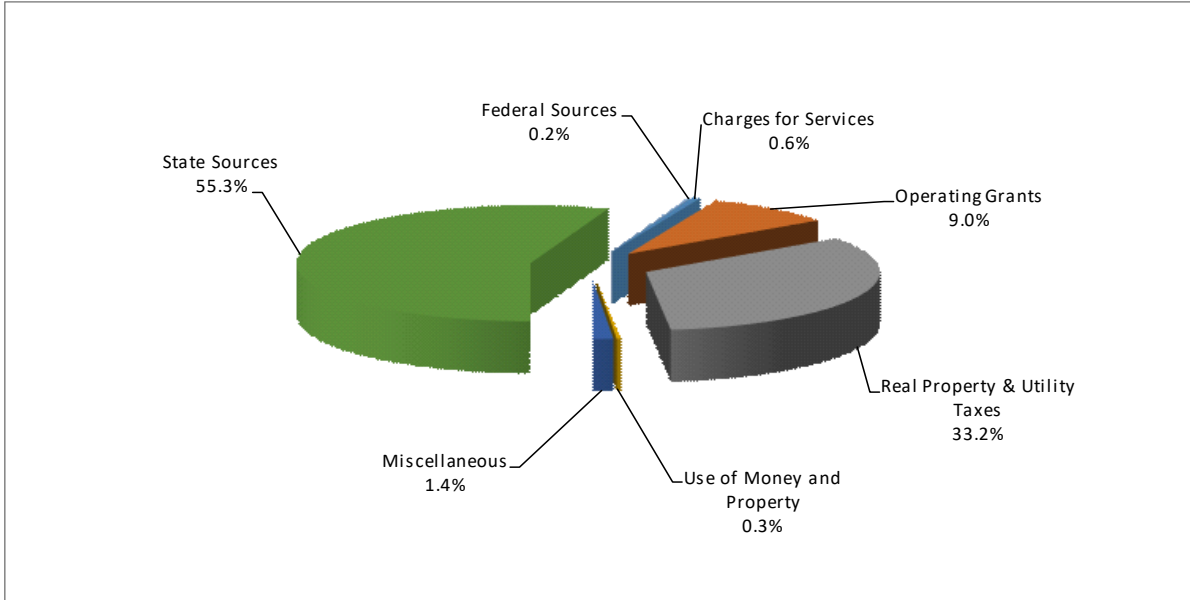
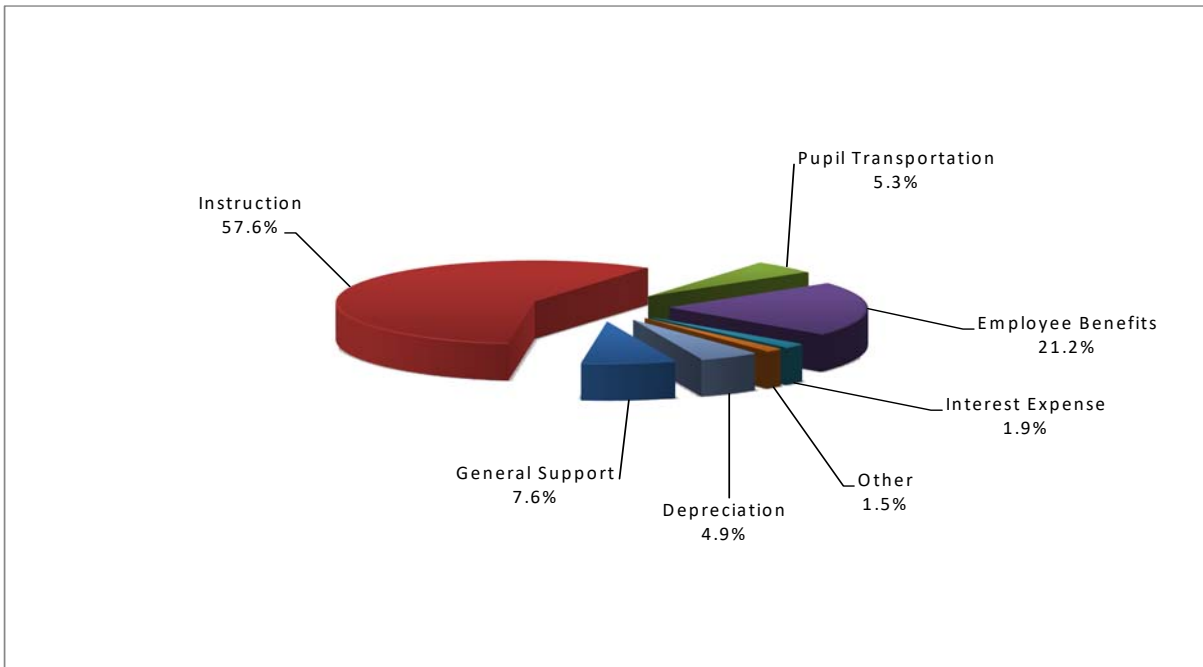


Table A-6: Expenses for Fiscal Year 2020



ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2020

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 revenues and other financing sources for 2019-2020 were \$111,026,392 an increase of 6.0% from 2018-2019. The key factor in this increase was increased state aid.

Total General Fund expenditures and other financing uses for 2019-2020 were \$107,921,168, an increase of 3.6% from 2018-2019. The key factors in this increase were higher instructional, transportation and employee benefits expenditures.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2020, the District had invested \$132,156,171 net of depreciation of \$80,465,985, 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 \$2,551,122 from fiscal year-end 2019 (more detailed information about capital assets can be found in Note 2. A.IV. to the financial statements). Total depreciation expense for the year was \$5,779,947, while equipment acquisitions and additional construction on capital projects, net of disposals, amounted to \$8,331,069 during the year.

The following table reflects the total net cost of various building renovations and additions, technology and equipment expenditures through the end of fiscal year 2020 and 2019:

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

Category	Fiscal Year-End 2020	Fiscal Year-End 2019
Land and Land Improvements	\$ 2.4	\$ 2.6
Construction in Progress	29.0	21.1
Buildings	97.7	105.0
Machinery, Equipment and Vehicles	3.1	.9
Total	<u>\$ 132.2</u>	<u>\$ 129.6</u>

Short-Term Debt

The District borrowed \$1,011,676 and \$16,588,400 in bond anticipation notes in October 2019 and June 2020, respectively, to fund the outstanding capital projects. More detailed information about the District's short-term debt is presented in Note 2.B III to the Financial Statements.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
*MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)*
JUNE 30, 2020

Long-Term Debt

At year-end June 30, 2020 the District had \$49,115,000 million in general obligation and \$173,719,070 million in other long-term debt outstanding. More detailed information about the District's long-term liabilities is presented in Note 2. BIII. to the Financial Statements.

Table A-8: Outstanding Long-Term Debt

Category	Fiscal Year-End <u>2020</u>	Fiscal Year-End <u>2019</u>
Due to Workers' Compensation Consortium	\$ 3,637,896	\$ 3,137,896
Bonds and Unamortized Bond Premium	54,113,285	60,586,835
Compensated Absences	3,735,688	3,727,744
Other Postemployment Benefits	155,116,792	125,099,800
Pension Liability	<u>6,230,409</u>	<u>1,703,536</u>
	<u>\$ 222,834,070</u>	<u>\$ 194,255,811</u>

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 61% range of all revenues. 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 five million dollars 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

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Enlarged City School District of Troy, New York
Troy, New York

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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1-10, budgetary comparison information, the schedules of funding progress - other postemployment plans, proportionate share of net pension assets/liabilities and district contributions - pension plans, on pages 54-58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplemental information on pages 59-63 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 68 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplemental information on pages 59-63 and the schedule of expenditures of federal awards on page 68 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2020, 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 the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
November 2, 2020

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

STATEMENT OF NET POSITION (DEFICIT)

JUNE 30, 2020

ASSETS AND DEFERRED OUTFLOWS

Current Assets:	
Unrestricted Cash	\$ 27,811,606
Restricted Cash	6,508,047
Taxes Receivable	2,540,780
State and Federal Aid Receivable	10,256,423
Due from Other Governments	1,301,401
Accounts Receivable	183,143
Due from Fiduciary Funds	14,482
Inventories	220,212
Total Current Assets	<u>48,836,094</u>
Long-Term Assets:	
Due from Healthcare Consortium	4,119,443
Nondepreciable Capital Assets	29,303,333
Depreciable Capital Assets, Net	102,852,838
Net Pension Asset	5,339,954
Total Assets	<u>190,451,662</u>
Deferred Outflows of Resources:	
Pension	21,218,413
Other Postemployment Benefits	21,490,365
Total Deferred Outflows	<u>42,708,778</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 233,160,440</u>

LIABILITIES AND DEFERRED INFLOWS

Current Liabilities:	
Accounts Payable	\$ 3,225,648
Accrued Liabilities	1,980,755
Due to Other Governments	45,012
Accrued Interest	303,361
Due to Teachers' Retirement System	3,494,610
Due to Employees' Retirement System	334,748
Bond Anticipation Notes Payable	17,600,076
Overpayments and Collections in Advance	32,098
Unearned Revenue	25,105
Bonds Due and Payable within One Year	5,420,000
Total Current Liabilities	<u>32,461,413</u>
Long-Term Liabilities:	
Due to Workers' Compensation Consortium	3,637,896
Bonds and Unamortized Bond Premium	48,693,285
Compensated Absences	3,735,688
Other Postemployment Benefits	155,116,792
Net Pension Liability	6,230,409
Total Liabilities	<u>249,875,483</u>
Deferred Inflows of Resources:	
Pension	7,494,636
Other Postemployment Benefits	42,978,603
Total Deferred Inflows	<u>50,473,239</u>
Total Liabilities and Deferred Inflows of Resources	<u>300,348,722</u>

NET POSITION (DEFICIT)

Invested in Capital Assets, Net of Related Debt	63,622,002
Restricted	10,410,118
Unassigned:	
Unassigned Deficit	(141,220,402)
Total Net Position	<u>(67,188,282)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 233,160,440</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION (DEFICIT)

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Expenses (Revenues)</u> <u>and</u> <u>Changes in</u> <u>Net Position (Deficit)</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants</u>	
Functions/Programs:				
General Support	\$ 9,001,163	\$ (39,190)	\$ (136,133)	\$ 8,825,840
Instruction	67,843,325	(629,651)	(8,666,299)	58,547,375
Pupil Transportation	6,235,851	-	-	6,235,851
Community Service	1,070	-	-	1,070
Employee Benefits	24,993,457	-	-	24,993,457
Debt Service - Interest and Other	2,222,340	-	-	2,222,340
Depreciation - Unallocated (includes direct expense of various functions and programs)	5,779,947	-	-	5,779,947
School Lunch Program	<u>1,750,539</u>	<u>(44,495)</u>	<u>(2,084,930)</u>	<u>(378,886)</u>
Total Functions and Programs	<u>\$ 117,827,692</u>	<u>\$ (713,336)</u>	<u>\$ (10,887,362)</u>	<u>106,226,994</u>
General Revenues:				
Real Property Taxes				33,806,180
Other Tax Items				5,055,571
Nonproperty Taxes				1,278,497
Use of Money and Property				239,269
Sale of Property and Compensation for Loss				113,959
State Aid				67,008,952
Federal Aid				185,076
Miscellaneous				<u>1,691,638</u>
Total General Revenues				<u>109,379,142</u>
Change in Net Position				3,152,148
Total Net Position (Deficit), Beginning of Year				<u>(70,340,430)</u>
Total Net Position (Deficit), End of Year				<u>\$ (67,188,282)</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS AND
RECONCILIATION TO THE NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2020

	<u>General</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
Current Assets:			
Cash			
Unrestricted	\$ 22,120,711	\$ 5,690,895	\$ 27,811,606
Restricted	1,839,152	4,668,895	6,508,047
Receivables			
Taxes	2,540,780	-	2,540,780
Due from Other Funds	5,762,244	494,895	6,257,139
State and Federal Aid	4,388,455	5,867,968	10,256,423
Due from Other Governments	1,301,401	-	1,301,401
Other	183,143	-	183,143
Inventories	-	220,212	220,212
Total Assets	<u>\$ 38,135,886</u>	<u>\$ 16,942,865</u>	<u>\$ 55,078,751</u>
Current Liabilities:			
Payables			
Accounts Payable	\$ 2,356,053	\$ 869,595	\$ 3,225,648
Accrued Liabilities	1,980,755	-	1,980,755
Due to Other Funds	279,971	5,962,686	6,242,657
Due to Other Governments	44,308	704	45,012
Due to Teachers' Retirement System	3,494,610	-	3,494,610
Due to Employees' Retirement System	334,748	-	334,748
Bond Anticipation Notes Payable	-	17,600,076	17,600,076
Overpayments and Collections in Advance	32,098	-	32,098
Unearned Revenue	-	25,105	25,105
Total Liabilities	<u>8,522,543</u>	<u>24,458,166</u>	<u>32,980,709</u>
Deferred Inflows of Resources:			
State Aid Reduction	659,656	-	659,656
Uncollected Real Estate Taxes	2,540,780	-	2,540,780
Total Deferred Inflows	<u>3,200,436</u>	<u>-</u>	<u>3,200,436</u>
Fund Balances:			
Nonspendable:			
Inventories	-	220,212	220,212
Restricted for:			
Workers' Compensation Reserve	3,637,896	-	3,637,896
Unemployment Insurance Reserve	401,451	-	401,451
Tax Certiorari Reserve	1,577,181	-	1,577,181
Employee Benefits Accrued Liabilities Reserve	1,047,663	-	1,047,663
Capital Reserve	29,935	-	29,935
Retirement Reserve	2,500,000	-	2,500,000
Debt Service	-	4,853,888	4,853,888
Total Restricted	<u>9,194,126</u>	<u>4,853,888</u>	<u>14,048,014</u>
Assigned for:			
General Support	372,557	-	372,557
Instruction	2,832,987	-	2,832,987
Other	331,659	-	331,659
Food Service	-	2,269,407	2,269,407
Appropriated for Subsequent Year's Expenditures	9,135,523	-	9,135,523
Total Assigned	<u>12,672,726</u>	<u>2,269,407</u>	<u>14,942,133</u>
Unassigned:			
Unassigned (Deficit)	4,546,055	(14,858,808)	(10,312,753)
Total Fund Balance	<u>26,412,907</u>	<u>(7,515,301)</u>	<u>18,897,606</u>
Total Liability, Deferred Inflows and Fund Balance	<u>\$ 38,135,886</u>	<u>\$ 16,942,865</u>	<u>\$ 55,078,751</u>

Amounts reported for governmental activities in the statement of net position are different because:

Total governmental fund balance per above	\$ 18,897,606
Amounts due from healthcare consortium under full accrual accounting.	4,119,443
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	132,156,171
Pension assets, including deferred outflows, inflows and pension liability.	12,833,322
Long-term liabilities, including worker's 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.	(56,488,584)
Deferral of charges for state aid reduction and property taxes earned in the current year are recognized as revenue under full accrual accounting.	3,200,436
Other postemployment benefit liability is recognized as a liability under full accrual accounting, including deferred outflows and inflows.	(176,605,030)
Interest payable in the government-wide statements under full accrual accounting.	(303,361)
Premium on bond borrowings is deferred in the government-wide financial statements under full accrual accounting.	(4,998,285)
Net Position (Deficit) of Governmental Activities	<u>\$ (67,188,282)</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (DEFICIT) - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>General</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Real Property Taxes	\$ 35,210,397	\$ -	\$ 35,210,397
Other Tax Items	5,055,571	-	5,055,571
Nonproperty Taxes	1,278,497	-	1,278,497
Charges for Service	668,841	-	668,841
Use of Money and Property	176,909	62,360	239,269
Sale of Property and Compensation for Loss	113,959	-	113,959
Interfund Revenues	141,299	-	141,299
State Aid	66,349,296	3,490,697	69,839,993
Federal Aid	185,076	7,241,756	7,426,832
Sales	-	44,495	44,495
Miscellaneous	<u>1,846,547</u>	<u>-</u>	<u>1,846,547</u>
Total Revenues	<u>111,026,392</u>	<u>10,839,308</u>	<u>121,865,700</u>
Expenditures:			
General Support	9,265,334	136,133	9,401,467
Instruction	59,355,805	8,666,299	68,022,104
Pupil Transportation	6,235,831	-	6,235,831
Community Service	1,070	-	1,070
Employee Benefits	19,845,578	-	19,845,578
Debt Service			
Principal	6,180,000	-	6,180,000
Interest	2,860,141	-	2,860,141
Cost of Sales	-	1,750,505	1,750,505
Capital Outlay	<u>-</u>	<u>7,885,395</u>	<u>7,885,395</u>
Total Expenditures	<u>103,743,759</u>	<u>18,438,332</u>	<u>122,182,091</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>7,282,633</u>	<u>(7,599,024)</u>	<u>(316,391)</u>
Other Financing Sources (Uses):			
Operating Transfers In	-	4,177,409	4,177,409
Operating Transfers Out	(4,177,409)	-	(4,177,409)
Premium on BAN Issuance	-	83,107	83,107
BANs Redeemed from Appropriations	<u>-</u>	<u>215,000</u>	<u>215,000</u>
Total Other Financing Sources (Uses)	<u>(4,177,409)</u>	<u>4,475,516</u>	<u>298,107</u>
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over Expenditures	3,105,224	(3,123,508)	(18,284)
Fund Balance (Deficit), Beginning of Year	<u>23,307,683</u>	<u>(4,391,793)</u>	<u>18,915,890</u>
Fund Balance (Deficit), End of Year	<u>\$ 26,412,907</u>	<u>\$ (7,515,301)</u>	<u>\$ 18,897,606</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN NET POSITION (DEFICIT)
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net Changes in Fund Balance (Deficit) - Governmental Funds	\$ (18,284)
Amounts due from healthcare consortium do not provide current resources and, therefore, the increase in the asset in 2020 is not reported as revenue in the governmental funds.	981,547
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.	8,331,069
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(5,779,947)
Net pension expense in accordance with GASB 68 is a higher expense in the government-wide financial statements under full accrual accounting.	(4,602,801)
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.	509,000
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.	5,964,550
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.	(1,404,217)
Certain state aid revenue not recognized in the governmental funds under the modified accrual basis of accounting but is recognized under full accrual accounting.	659,656
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 2020 results in less expense.	46,144
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 increase in the liability in 2020 results in more expense.	(500,000)
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 increase in the liability in 2020 results in more expense.	(7,944)
Certain postemployment benefits are recognized as an expense in the statement of activities under full accrual accounting.	<u>(1,026,625)</u>
Change in Net Position (Deficit) of Governmental Activities	<u>\$ 3,152,148</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
 STATEMENT OF FIDUCIARY NET POSITION AND CHANGES IN FIDUCIARY NET POSITION
 JUNE 30, 2020

	<u>Agency</u>	<u>Private Purpose Trusts</u>
Current Assets		
Cash - Unrestricted	\$ 52,155	\$ -
Cash - Restricted	48,766	315,476
Due from Other Funds	<u>14,479</u>	<u>-</u>
Total Assets	<u>\$ 115,400</u>	<u>\$ 315,476</u>
Current Liabilities		
Extraclassroom Activity Balances	\$ 48,766	\$ -
Due to Other Funds	28,961	-
Other Liabilities	<u>37,673</u>	<u>-</u>
Total Liabilities	<u>\$ 115,400</u>	<u>-</u>
Net Position		
Restricted for Scholarships	<u>-</u>	<u>315,476</u>
Total Net Position	<u>-</u>	<u>315,476</u>
Total Liabilities and Net Position	<u>\$ 115,400</u>	<u>\$ 315,476</u>

		<u>Private Purpose Trusts</u>
Additions:		
Investment Earnings		\$ 3,006
Deductions:		
Scholarship and Awards		<u>3,275</u>
Change in Net Position		(269)
Net Position, Beginning of Year		<u>315,745</u>
Net Position, End of Year		<u>\$ 315,476</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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 9 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 14 and 39, The Financial Reporting Entity as amended by GASB Statement 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.

The 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 an agency fund.

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.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Joint Ventures (Continued)

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, 2020, the District was billed \$8,913,002 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, NY 12033. The District's share of BOCES income amounted to \$3,124,523.

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

C. Basis of Presentation

Government-wide Statements

The Statement of Net Assets and the Statement of Activities and Change in Net Position present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, 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 and Change in Net Position presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. *Basis of Presentation (Continued)*

Fund Financial Statements

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

I. **Governmental Fund Types**

The District reports the following major governmental fund:

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.

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

2. 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. 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.

b. School Lunch Fund

Used to account for transactions of the lunch and breakfast programs.

3. 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.

4. Debt Service Fund

The debt service fund is used to account for the advanced refunding of debt and unspent proceeds of borrowings that are restricted for debt service.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

II. Fiduciary Fund Type

This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee and agent for resources that belong to others. These activities are not included in the government-wide financial statements because their resources do not belong to the District and are not available to be used.

There are two classes of fiduciary fund types:

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

D. Basis of Accounting/Measurement Focus

General Information

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are 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, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Unearned Revenue and Deferred Outflows and Inflows of Resources

The District reports unearned revenues 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's three items that qualify for reporting in this category. The first item is related to pensions reported in the government-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) 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 separation 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 has four 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 is related to pensions reported in the government-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion 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 Position. This represents the effect of the net changes of assumption and other inputs. The fourth item related to unamortized bond premium which is amortized over the remaining term of the bonds.

F. Property Taxes

I. 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.

II. Enforcement

Uncollected real property taxes are enforced by the City of Troy and the County of Rensselaer. An amount representing all uncollected real property taxes must be transmitted by the City and County to the School District within two years from the return of unpaid taxes to such city and county. Real property taxes receivable expected to be collected within sixty days subsequent to June 30, 2020, less similar amounts collected during this period in the preceding year, are recognized as revenue; otherwise, real property taxes receivable are offset by deferred inflows of resources.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budgetary Procedures and Budgetary Accounting

I. Budget Policies

1. The budget policies are as follows:
 - a. The District administration prepares a proposed budget for approval by the Board of Education for the general fund.
 - b. The voters within the District approve the proposed appropriation budget for the general fund.
 - c. Appropriations are adopted at the program level.
 - d. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the fiscal year end 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, 2019 encumbrances of \$2,666,067 occurred during the year:

Various Gifts	\$ 8,157
Use of Reserves	<u>3,922,500</u>
	<u>\$ 3,930,657</u>

II. 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.

III. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Cash and Investments (Continued)

Investment and Deposit Policy (Continued)

The District's investment policies are governed by State statutes. District monies must be deposited in 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 Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and School Districts.

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 Federal Deposit Insurance Act (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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Cash and Investments (Continued)

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:

U.S. 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.

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 cash 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.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Cash and Investments (Continued)

Investments (Continued)

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 gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

J. Inventories

Inventories 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 expenditure and revenues to provide financing or other services.

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

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020.

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.

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, 2020.

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 \$3,537,203 and in the school food service fund of \$61,035, respectively, at June 30, 2020 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. *Equity Classifications (Continued)*

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 restricted 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:

I. 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.

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.

II. Reserve for Employee Benefits 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.

III. 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.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Equity Classifications (Continued)

IV. 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.

V. Reserve for Retirement Contributions

Authorized by General Municipal Law §6-r, the Retirement Contribution 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.

VI. 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.

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 School District and its employee groups. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. Currently, approximately 613 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 fiscal year 2020 by recording approximately \$4 million, its share of insurance premiums for currently enrolled retirees, as an expenditure.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Due to/from Other Funds

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from 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:

	<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.

- a. 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 versus the solely current financial resources focus of governmental fund Balance Sheets.
- b. Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities and Change in Net Position:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities and Change in Net Position fall into one of three broad categories.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Explanation of Certain Differences Between Governmental Fund Statements and Government-wide Statements (Continued)

- b. Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities and Change in Net Position (Continued):

Long-term Revenue Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities and Change in Net Position reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities and Change in Net Position.

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 Change in Net Position, 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 and Change in Net Position.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Consistent with GASB Statement 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 Employee's 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 revenues. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Short-Term Debt (Continued)

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.

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 revenues 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 at an original issue premium of \$7,477,285. The premium is amortized over the life of the debt using the effective interest method and grouped with the long-term portion of bonds payable.

V. New Accounting Standards

The District has adopted and implemented the following current Statement of the Governmental Accounting Standards Board (GASB) that is effective for the year ended June 30, 2020. GASB has issued Statement No. 92, *Omnibus 2020*, that relates to the delay of GASB Statements No. 84 and 87.

W. Future Changes in Accounting Standards

GASB Statement No. 84

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Future Changes in Accounting Standards (Continued)

GASB Statement No. 84 (Continued)

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective (extended by GASB as of May 8, 2020) for reporting periods beginning after December 15, 2019. The District has not implemented, but is considering, the effects of this Statement for the year ended June 30, 2021.

GASB Statement No. 87

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement will become effective for fiscal years beginning after June 15, 2021.

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

X. Subsequent Events

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through November 2, 2020, the date the financial statements were available to be issued. The following events were identified:

COVID-19

The United States is presently in the midst of a national health emergency related to a virus commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. As a result of COVID-19, New York State has indicated that its future state aid may be reduced by 20%. It is estimated that this reduction approximates in excess of \$13 million annually for the District, if fully implemented.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

2. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash

1. 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, 2020 all deposits were fully insured and collateralized by the District's agent in the District's name.

2. Restricted Cash

General

Restricted cash of \$1,839,152 consists of amounts set aside by the District to fund the District's restricted reserves.

Debt Service

Restricted cash of \$4,668,895 consists of unexpended closed capital projects and premiums earned on borrowings restricted for debt payment.

Fiduciary

Restricted cash of \$364,242 consists of \$48,766 for extraclassroom activity funds and \$315,476 is restricted for scholarships.

II. 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	\$ 5,762,244	\$ 279,971	\$ -	\$ 4,177,409
Capital Projects	972	185,965	4,022,500	-
Special Aid	308,930	5,776,721	154,909	-
Debt Service	184,993	-	-	-
Agency	<u>14,479</u>	<u>28,961</u>	<u>-</u>	<u>-</u>
Total Government Activities	<u>\$ 6,271,618</u>	<u>\$ 6,271,618</u>	<u>\$ 4,177,409</u>	<u>\$ 4,177,409</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position. 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.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

III. Other Receivables

Other receivables in the government funds at June 30, 2020 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	Retirement Health Premiums	\$ 115,931
General Fund	Repayment of Sabbatical Salary	33,100
General Fund	Other	<u>34,112</u>
		<u>\$ 183,143</u>

IV. 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 Consortium. As of June 30, 2020, the District's prescription drug plan account balance maintained by the Consortium is \$3,916,946 of which \$543,000 is estimated as the outstanding estimated liability for the self-insured prescription plan. The excess balance of \$3,373,946 has been recorded as Due from Health Insurance Consortium on the statement of net position (deficit). Additionally, the Consortium has net assets attributable to the District resulting from prior premium settlement recoveries at June 30, 2020 of \$745,497.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

IV. Health Insurance Trust (Continued)

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

	<u>2020</u>	<u>2019</u>
Unpaid claims prescription drug trust, beginning of year	\$ 495,000	\$ 495,000
Net claims	3,720,870	4,207,158
Payments made	<u>(3,672,870)</u>	<u>(4,207,158)</u>
Unpaid claims prescription drug trust, end of year	<u>\$ 543,000</u>	<u>\$ 495,000</u>

The Capital Area Schools Health Insurance Consortium issues a publicly available audited financial report that may be obtained by contacting the treasurer of the Consortium, 12 Computer Drive West, Albany, New York 12205.

V. Capital Assets

Capital asset balances for the year ended June 30, 2020 is as follows:

	<u>Balance July 1</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Balance June 30</u>
Capital assets that are not depreciated:				
Land	\$ 345,316	\$ -	\$ -	\$ 345,316
Construction in Progress	<u>21,104,350</u>	<u>7,885,395</u>	<u>(31,728)</u>	<u>28,958,017</u>
Total nondepreciable historical cost	<u>21,449,666</u>	<u>7,885,395</u>	<u>(31,728)</u>	<u>29,303,333</u>
Capital assets that are depreciated:				
Buildings	163,294,733	-	(2,760,501)	160,534,232
Machinery and equipment	14,822,925	397,020	2,803,939	18,023,884
Land improvements	3,974,151	-	-	3,974,151
Vehicles	<u>747,523</u>	<u>-</u>	<u>39,033</u>	<u>786,556</u>
Total depreciable historical cost	<u>182,839,332</u>	<u>397,020</u>	<u>82,471</u>	<u>183,318,823</u>
Less accumulated depreciation:				
Buildings	58,327,296	4,509,461	-	62,836,757
Machinery and equipment	14,115,204	1,049,579	(1,367)	15,163,416
Land improvements	1,719,747	174,157	-	1,893,904
Vehicles	<u>521,702</u>	<u>46,750</u>	<u>3,456</u>	<u>571,908</u>
Total accumulated depreciation	<u>74,683,949</u>	<u>5,779,947</u>	<u>2,089</u>	<u>80,465,985</u>
Total capital assets, net	<u>\$ 129,605,049</u>	<u>\$ 2,502,468</u>	<u>\$ 48,654</u>	<u>\$ 132,156,171</u>

2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities

I. 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 Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

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 Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

I. Pension Plans (Continued)

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.

ERS and TRS Contributions

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

	<u>TRS</u>	<u>ERS</u>
2019-2020	\$ 3,643,513	\$ 979,501
2018-2019	\$ 3,667,723	\$ 952,546
2017-2018	\$ 4,190,000	\$ 937,681

The District's contributions made to the Systems were equal to 100 percent of the contributions required for each year. The approximate rates paid for the largest tier in the three years from TRS from 2018-2020 were 9.8%, 10.62% and 8.86% for the largest employee group, respectively, and the rates for 2018-2020 for ERS were 15.9%, 15.9% and 16.2%, respectively.

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 ending 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.

At June 30, 2020, the District reported a net pension asset of \$5,339,954 (TRS) and liability of \$6,230,409 (ERS) for its proportionate share of the net pension asset or liability. The net pension asset (TRS) was measured as of June 30, 2019, and the net pension liability (ERS) was measured as of March 31, 2020. The total pension asset/liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of those dates. The District's proportion of the net pension asset/liability was based on a projection of the District's long-term share of contributions to the 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.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

I. Pension Plans (Continued)

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2019	March 31, 2020
District's proportionate share of the net pension asset (liability)	\$ 5,339,954	\$ (6,230,409)
District's portion of the Plan's total net pension liability	.205540%	.023528%

For the year ended June 30, 2020, the District recognized a net pension expense of \$8,725,380 in the statement of activities resulting from \$6,598,579 for TRS and \$2,126,801 for ERS.

At June 30, 2020, the District reported deferred outflows of resources related to pensions from the following sources:

	<u>TRS</u>	<u>ERS</u>	<u>Total Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 3,618,750	\$ 366,685	\$ 3,985,435
Changes of assumptions	10,087,887	125,451	10,213,338
Net difference between projected and actual earnings on pension plan investments	-	3,194,011	3,194,011
Changes in proportion and differences between employer contributions and proportionate share of contributions	295,540	72,874	368,414
Contributions made subsequent to the measurement date	<u>3,122,467</u>	<u>334,748</u>	<u>3,457,215</u>
	<u>\$ 17,124,644</u>	<u>\$ 4,093,769</u>	<u>\$ 21,218,413</u>

At June 30, 2020, the District reported deferred inflows of resources related to pensions from the following sources:

	<u>TRS</u>	<u>ERS</u>	<u>Total Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 397,089	\$ -	\$ 397,089
Change in assumptions	2,459,712	108,325	2,568,037
Net difference between projected and actual earnings on pension plan investments	4,282,367	-	4,282,367
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>219,214</u>	<u>27,929</u>	<u>247,143</u>
	<u>\$ 7,358,382</u>	<u>\$ 136,254</u>	<u>\$ 7,494,636</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

I. Pension Plans (Continued)

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

June 30, 2021	\$ 6,480,591
June 30, 2022	1,059,009
June 30, 2023	3,567,124
June 30, 2024	2,527,327
June 30, 2025	215,988
Thereafter	<u>(126,262)</u>
	<u>\$ 13,723,777</u>

	<u>TRS</u>	<u>ERS</u>
Covered Payroll	<u>\$ 35,242,293</u>	<u>\$ 7,037,823</u>

TRS Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation rate	2.20%
Projected salary increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

<u>Service</u>	<u>Rate</u>
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Projected COLAs	1.3% compounded annually
Investment rate of return	7.10% compounded annually, net of pension plan investment expense, including inflation

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP 2018, applied on a generational basis. Active members mortality rates are based on plan member experience.

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

2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

I. Pension Plans (Continued)

TRS Actuarial Assumptions (Continued)

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 liability at June 30, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020. The actuarial valuation used the following actuarial assumptions.

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

Inflation rate	2.5%
Salary increase	4.2%
Projected COLA	1.3%
Investment Rate of Return	6.8%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2018.

The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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.

2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

I. Pension Plans (Continued)

Long-Term Expected Rate of Return (Continued)

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:

<u>Asset Class</u>	<u>TRS</u>	<u>ERS</u>
Domestic equity	6.3%	4.05%
International equity	7.8%	6.15%
Global equities	7.2%	- %
Real estate	4.6%	4.95%
Private equities	9.9%	6.75%
Domestic fixed income securities	1.3%	- %
Global fixed income securities	.9%	- %
Private debt	6.5%	- %
Real estate debt	2.9%	.75%
High-yield fixed income securities	3.6%	- %
Short-term	.3%	- %
Absolute return	- %	3.25%
Opportunistic portfolio	- %	4.65%
Real assets	- %	5.95%
Inflation - indexed bonds	- %	.50%

Discount Rate

The discount rate used to calculate the total pension liability was 7.10% for TRS and 6.80% 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 liability.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

I. Pension Plans (Continued)

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 7.10 and 6.80 percent, 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:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Assumption</u>	<u>1%</u> <u>Increase</u>
<u>TRS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ <u>(24,103,993)</u>	\$ <u>5,339,954</u>	\$ <u>30,040,102</u>
<u>ERS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ <u>(11,434,560)</u>	\$ <u>(6,230,409)</u>	\$ <u>(1,437,364)</u>

Pension Plan Fiduciary Net Position

The components of the net pension asset (TRS) and liability (ERS) of the employer as of the respected measurement dates were as follows (in thousands):

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2019	March 31, 2020
Employers' total pension liability	\$ (119,879,474)	\$ (194,596,261)
Plan fiduciary net position	<u>122,477,481</u>	<u>168,115,682</u>
Employers' net pension asset (liability)	\$ <u>2,598,007</u>	\$ <u>(26,480,579)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	<u>102.17%</u>	<u>86.39%</u>

Payables and Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 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, 2020 amounted to \$3,122,467, along with employee withholdings of \$372,142 as of June 30, 2020.

2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

Payables and Pension Plan (Continued)

For ERS, employer contributions are paid annually based on the System’s fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2019 through June 30, 2020 based on paid ERS covered wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$334,748. Employee contributions are remitted monthly.

II. Other Postemployment Benefits (OPEB)

A. 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 Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided - The District provides healthcare and live insurance benefits for retirees and their dependants. 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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	513
Active employees	<u>613</u>
	<u><u>1,126</u></u>

B. Total OPEB Liability

The District’s total OPEB liability of \$155,116,792 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

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

Salary Increases	2.6 percent, average, including inflation
Discount Rate	2.21 percent
Healthcare Cost Trend Rates	6.1 percent for 2020, decreasing to an ultimate rate of 4.1 percent over 57 years.

The discount rate was based on the yield or index rate for 20 year tax exempt municipal bonds yield with a average rating of AA/Aa or higher.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

II. Other Postemployment Benefits (OPEB) (Continued)

C. Changes in the Total OPEB Liability

Balance at June 30, 2019	\$ <u>125,099,800</u>
<u>Changes for the Year -</u>	
Service cost	4,591,827
Interest	4,469,500
Effect of assumption changes or inputs	24,973,462
Benefit payments	<u>(4,017,797)</u>
Net Changes	<u>30,016,992</u>
Balance at June 30, 2020	\$ <u>155,116,792</u>

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:

	<u>1% Decrease</u>	Current Discount Rate (2.21%)	<u>1% Increase</u>
Total OPEB Liability	\$ <u>184,264,721</u>	\$ <u>155,116,792</u>	\$ <u>132,164,878</u>

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:

	<u>1% Decrease</u>	Healthcare Cost Trend Rates (6.1%)	<u>1% Increase</u>
Total OPEB Liability	\$ <u>127,100,531</u>	\$ <u>155,116,792</u>	\$ <u>192,414,577</u>

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$5,044,422.

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

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 34,292	\$ (15,988,151)
Changes in assumptions	<u>21,456,073</u>	<u>(26,990,452)</u>
	\$ <u>21,490,365</u>	\$ <u>(42,978,603)</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

II. Other Postemployment Benefits (OPEB) (Continued)

D. OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)

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

Year Ending June 30,	Amount
2021	\$ (4,016,905)
2022	(4,016,905)
2023	(4,016,905)
2024	(4,016,905)
2025	(4,016,905)
Thereafter	(1,403,713)
	<u>\$ (21,488,238)</u>

III. Indebtedness

1. Short-Term Debt

Transactions in short-term debt related to bond anticipation notes for the year ended June 30, 2020:

<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
10/25/20	2.35%	\$ 1,011,676	\$ -	\$ -	\$ 1,011,676
06/11/20	2.0%	16,803,400	-	16,803,400	-
06/12/21	1.5%	-	16,588,400	-	16,588,400
		<u>\$ 17,815,076</u>	<u>\$ 16,588,400</u>	<u>\$ 16,803,400</u>	<u>\$ 17,600,076</u>

Interest on short-term debt in the government-wide statement of activities for the year was composed of :

Interest paid	\$ 359,776
Less interest accrued in the prior year	(29,688)
Less amortization of BAN premium	(83,107)
Plus interest accrued in the current year	23,604
Total Expense	<u>\$ 270,585</u>

2. Long-term Debt

a. 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 \$2,500,365 of expenditures for serial and statutory bond debt interest in the governmental funds statement of revenues, expenditures and changes in fund balances.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

III. Indebtedness (Continued)

2. Long-term Debt (Continued)

a. Serial Bonds (Continued)

Interest on long-term debt in the government-wide statement of activities for the year was composed of:

Interest paid	\$ 2,500,365
Less interest accrued in the prior year	(319,817)
Less amortization of bond premium	(509,000)
Plus interest accrued in the current year	<u>279,757</u>
Total Expense	<u><u>\$ 1,951,305</u></u>

b. 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.

3. Changes

The changes in indebtedness during the year ended June 30, 2020 are summarized as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Due to Workers' Compensation Plan	\$ 3,137,896	\$ 500,000	\$ -	\$ 3,637,896
Bonds	55,079,550	-	5,964,550	49,115,000
Unamortized Bond Premium	5,507,285	-	509,000	4,998,285
Compensated Absences	3,727,744	7,944	-	3,735,688
Other Postemployment Benefits	125,099,800	30,016,992	-	155,116,792
Pension Liability	<u>1,703,536</u>	<u>4,526,873</u>	<u>-</u>	<u>6,230,409</u>
	<u>\$ 194,255,811</u>	<u>\$ 35,051,809</u>	<u>\$ 6,473,550</u>	<u>\$ 222,834,070</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)
 JUNE 30, 2020

2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

III. Indebtedness (Continued)

4. 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, 2020</u>
School District Refunding Bonds, 2011	Serial Bond	05/25/11	07/15/21	2.00 - 3.125%	\$ 415,000
School Construction Bonds, 2012	Serial Bond	06/14/12	06/15/27	1.30 - 4.35%	2,640,000
Bond Authorization Series 2014	Serial Bond	07/12/14	06/15/29	2.00 - 5.00%	28,585,000
School District Refunding Bonds 2015	Serial Bond	03/31/15	07/01/28	2.00 - 5.00%	9,465,000
Government-wide Renovations, Bonds, 2016	Serial Bond	06/15/16	06/15/31	2.00 - 5.00%	5,835,000
School District Refunding Bond, 2017	Serial Bond	11/09/17	06/15/25	4.00 - 5.00%	<u>2,175,000</u>
Total					<u>\$ 49,115,000</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Premium Amortization</u>
2021	\$ 5,420,000	\$ 2,253,018	\$ 564,547
2022	5,220,000	2,030,322	564,547
2023	5,465,000	1,783,884	564,547
2024	4,945,000	1,517,734	564,547
2025	5,180,000	1,284,066	564,547
2026-2030	22,250,000	2,664,917	2,105,844
2031	<u>635,000</u>	<u>31,750</u>	<u>69,706</u>
Total	<u>\$ 49,115,000</u>	<u>\$ 11,565,691</u>	<u>\$ 4,998,285</u>

2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

IV. Worker's Compensation Self-Insurance Plan

The District participates in a self-insurance plan for worker's compensation called the Rensselaer Columbia-Greene Counties Worker's 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 Worker's Compensation Board effective July 1, 1985. The Consortium has a stop loss policy to protect participants from unusually high claims.

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, 2020 there were 19 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, 2020 was \$631,996, and an actuarial liability of \$4,269,892 resulting in an estimated liability for self-insured workers' compensation claims of \$3,637,896 at June 30, 2020. The general fund reserve for workers' compensation in the amount of \$3,637,896 has been subsequently removed from the Statement of Net Position (Deficit). Payments made to the Consortium for the year ended June 30, 2020 were \$1,002,860.

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

	<u>2020</u>	<u>2019</u>
Unpaid claims, self-insured workers compensation plan, beginning of year	\$ (3,137,896)	\$ (2,137,896)
Net claims and expenses	(1,502,860)	(1,743,392)
Payments made	<u>1,002,860</u>	<u>743,392</u>
Unpaid claims, self-insured workers compensation plan, end of year	<u>\$ (3,637,896)</u>	<u>\$ (3,137,896)</u>

The RCG Workers' Compensation Consortium issues a publicly available audited financial report trust may be obtained by contacting the treasurer of the Consortium, c/o Questar III, 10 Empire State Boulevard, Castleton, New York 12033.

V. Constitutional Debt Limit

The constitution of the State of New York limits the amounts of indebtedness which may be issued by the School District. The School 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, 2020, the District has exhausted approximately 70.8% of its constitutional debt limit.

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 Enlarged City School District of Troy, New York 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 Enlarged City School District of Troy, New York 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, 2020
CSEA, LOCA 1000 AFSCME, AFL - C10	June 30, 2023
Troy Teachers' Association	June 30, 2020

E. *Tax Abatement Agreements*

The County of Rensselaer and City of Troy enter into various property tax abatement programs for the purpose of economic development. The School District property tax revenue was reduced by \$3,598,407. The District received payment in lieu of tax (PILOT) payments totaling \$1,532,339 for the year ended June 30, 2020.

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 liability for all defeased bonds, \$12,475,000, and the related trust account assets are not included in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
 STATEMENT OF REVENUES, OTHER SOURCES, EXPENDITURES AND OTHER USES COMPARED TO BUDGET - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2020

SUPPLEMENTAL SCHEDULE #1

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
Revenues and Other Financing Sources:				
Local Sources:				
Real property taxes	\$ 33,450,798	\$ 33,997,408	\$ 35,210,397	\$ 1,212,989
Other tax items	5,525,000	4,978,390	5,055,571	77,181
Nonproperty taxes	1,250,000	1,250,000	1,278,497	28,497
Charges for service	910,000	910,000	668,841	(241,159)
Use of money and property	166,000	166,000	176,909	10,909
Sale of property and compensation for loss	52,000	52,000	113,959	61,959
Miscellaneous	410,000	418,157	1,733,313	1,315,156
Interfund revenues and operating transfers	<u>500,000</u>	<u>500,000</u>	<u>141,299</u>	<u>(358,701)</u>
Total Local Sources	42,263,798	42,271,955	44,378,786	2,106,831
State sources	67,565,859	67,565,859	66,349,296	(1,216,563)
Medicaid Reimbursement	225,000	225,000	185,076	(39,924)
Interest Subsidy - Build American Bonds	<u>120,333</u>	<u>120,333</u>	<u>113,234</u>	<u>(7,099)</u>
Total Revenues	110,174,990	110,183,147	\$ 111,026,392	\$ 843,245
Other Financing Sources:				
Appropriated fund balance	<u>4,000,000</u>	<u>10,588,567</u>		
Total Revenues and Other Financing Sources	<u>\$ 114,117,990</u>	<u>\$ 120,771,714</u>		

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
STATEMENT OF REVENUES, OTHER SOURCES, EXPENDITURES AND OTHER USES COMPARED TO BUDGET - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

SUPPLEMENTAL SCHEDULE #1 (CONTINUED)

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Budget Variance</u>
Expenditures:					
General Support:					
Board of education	\$ 101,998	\$ 110,425	\$ 71,289	\$ 755	\$ 38,381
Central administration	284,886	301,001	294,352	-	6,649
Finance	806,681	864,554	794,821	25,901	43,832
Staff	786,833	799,135	555,255	175,000	68,880
Central services	7,699,021	7,214,062	6,445,127	168,926	600,009
Special items	<u>1,145,055</u>	<u>1,216,859</u>	<u>1,104,490</u>	<u>1,975</u>	<u>110,394</u>
Total General Support	<u>10,824,474</u>	<u>10,506,036</u>	<u>9,265,334</u>	<u>372,557</u>	<u>868,145</u>
Instruction:					
Instruction, administration and improvement	3,958,742	4,227,163	4,022,145	137,836	67,182
Teaching - regular school	34,095,171	34,467,218	32,164,573	1,692,816	609,829
Programs for children with handicapping conditions	17,801,434	17,802,248	16,648,438	288,849	864,961
Occupational education	866,240	965,840	942,961	14,681	8,198
Teaching - special school	435,158	328,126	296,432	-	31,694
Instructional media	1,627,479	2,284,321	1,460,288	677,956	146,077
Pupil services	<u>3,857,736</u>	<u>4,015,566</u>	<u>3,820,968</u>	<u>20,849</u>	<u>173,749</u>
Total Instruction	<u>62,641,960</u>	<u>64,090,482</u>	<u>59,355,805</u>	<u>2,832,987</u>	<u>1,901,690</u>
Other:					
Pupil transportation	6,787,237	7,725,776	6,235,831	297,539	1,192,406
Community service	-	7,500	1,070	-	6,430
Employee benefits	25,017,246	25,214,279	19,845,578	34,120	5,334,581
Debt service	<u>8,639,073</u>	<u>9,040,141</u>	<u>9,040,141</u>	<u>-</u>	<u>-</u>
Total Other	<u>40,443,556</u>	<u>41,987,696</u>	<u>35,122,620</u>	<u>331,659</u>	<u>6,533,417</u>
Total Expenditures	113,909,990	116,584,214	103,743,759	3,537,203	9,303,252
Other Financing Uses:					
Transfers to other funds	<u>265,000</u>	<u>4,187,500</u>	<u>4,177,409</u>	<u>-</u>	<u>10,091</u>
Total Expenditures and Other Uses	<u>\$ 114,174,990</u>	<u>\$ 120,771,714</u>	<u>107,921,168</u>	<u>\$ 3,537,203</u>	<u>\$ 9,313,343</u>
Net Changes in Fund Balances			<u>\$ 3,105,224</u>		

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFIT PLANS
FOR THE YEAR ENDED JUNE 30, 2020

SUPPLEMENTAL SCHEDULE #2

Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability:			
Service cost	\$ 4,591,827	\$ 7,294,003	\$ 6,914,141
Interest	4,469,500	5,389,122	5,131,733
Effect of demographic gains or losses	-	(21,598,029)	-
Effect of assumption changes or inputs	24,973,462	(36,460,786)	-
Differences between expected and actual experience in the measurement of total OPEB liability	-	-	51,728
Benefit payments	<u>(4,017,797)</u>	<u>(3,708,450)</u>	<u>(4,084,418)</u>
Net change in total OPEB liability	30,016,992	(49,084,140)	8,013,184
Total OPEB liability, beginning of year	<u>125,099,800</u>	<u>174,183,940</u>	<u>166,170,756</u>
Total OPEB liability, end of year	<u>\$ 155,116,792</u>	<u>\$ 125,099,800</u>	<u>\$ 174,183,940</u>
Covered payroll	<u>\$ 35,197,225</u>	<u>\$ 35,197,225</u>	<u>\$ 36,573,553</u>
Total OPEB liability as a percentage of covered payroll	<u>440.71%</u>	<u>355.43%</u>	<u>476.26%</u>

Note: 10 years of historical information was not be available upon implementation in 2018. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION ASSETS/LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020

SUPPLEMENTAL SCHEDULE #3

<u>TRS</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Proportionate share of net pension assets (liabilities)	\$ 5,339,954	\$ 3,797,449	\$ 1,591,127	\$ (2,228,857)	\$ 21,677,739	\$ 22,434,544
Covered payroll	\$ 35,242,293	\$ 34,314,068	\$ 34,840,419	\$ 33,701,861	\$ 32,719,326	\$ 30,607,552
Proportionate share of net pension asset (liabilities) as a percentage of covered payroll	15.2%	11.1%	4.6%	(6.6%)	66.3%	73.3%
Plan fiduciary net position as a percentage of total pension asset	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
<u>ERS</u>	<u>March 31, 2020</u>	<u>March 31, 2019</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Proportionate share of net pension liabilities	\$ 6,230,409	\$ 1,703,536	\$ 763,026	\$ 2,222,917	\$ 3,837,028	\$ 810,005
Covered payroll	\$ 7,037,823	\$ 6,965,147	\$ 6,761,521	\$ 6,250,536	\$ 6,092,745	\$ 6,287,935
Proportionate share of net pension assets (liabilities) as a percentage of covered payroll	88.5%	24.5%	11.3%	35.6%	63.0%	12.9%
Plan fiduciary net position as a percentage of total pension liability	86.39%	96.27%	98.24%	94.70%	90.60%	97.90%

Note: Information for the years prior to implementation of GASB 68 is unavailable and will be completed each year going forward as it becomes available.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION PLANS

FOR THE YEAR ENDED JUNE 30, 2020

SUPPLEMENTAL SCHEDULE #4

<u>TRS</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contribution	\$ 3,643,513	\$ 3,667,723	\$ 4,190,000	\$ 4,556,697	\$ 5,781,619	\$ 5,086,355
Contributions in relation to the contractually required contribution	<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>5,086,335</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 35,242,293	\$ 34,314,068	\$ 34,840,419	\$ 33,701,861	\$ 32,719,326	\$ 30,607,552
Contributions as a percentage of covered-employee payroll	10.3%	10.7%	12.0%	13.5%	17.7%	16.6%
<u>ERS</u>	<u>March 31, 2020</u>	<u>March 31, 2019</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Contractually required contribution	\$ 979,501	\$ 952,546	\$ 937,681	\$ 1,035,853	\$ 1,150,543	\$ 1,332,650
Contributions in relation to the contractually required contribution	<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>
District's covered-employee payroll	\$ 7,037,823	\$ 6,965,147	\$ 6,761,521	\$ 6,250,536	\$ 6,092,745	\$ 6,287,935
Contributions as a percentage of covered-employee payroll	13.9%	13.7%	13.9%	16.6%	18.9%	21.2%

Note: Information for the years prior to implementation of GASB 68 is unavailable and will be completed each year going forward as it becomes available.

OTHER SUPPLEMENTARY INFORMATION

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
*SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET AND
 THE REAL PROPERTY TAX LIMIT
 FOR THE YEAR ENDED JUNE 30, 2020*

SUPPLEMENTAL SCHEDULE #5

Change from Adopted Budget to Revised Budget

Adopted Budget	\$ 114,174,990
Add: Prior Year's Encumbrances	<u>2,666,067</u>
Original Budget	116,841,057
Appropriation Reserves	3,922,500
Budget Revision - Gifts and Donations	<u>8,157</u>
Final Budget	<u><u>\$ 120,771,714</u></u>

Section 1318 of Real Property Tax Law Limit Calculation

2020-21 expenditure budget	\$ 119,386,870
Maximum allowed 4% of 2020-21 budget	<u>\$ 4,775,475</u>

General Fund Fund Balance Subject to §1318 of Real Property Tax Law:

Unrestricted fund balance:	
Assigned fund balance	\$ 12,672,726
Unassigned fund balance	<u>4,546,055</u>
Total unrestricted fund balance	<u>17,218,781</u>

Less:	
Appropriated fund balance	9,135,523
Encumbrances included in assigned fund balance	<u>3,537,203</u>
Total adjustments	<u>12,672,726</u>

General Fund Fund Balance Subject to §1318 of Real Property Tax Law	\$ <u>4,546,055</u>
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Actual percentage	<u><u>3.81%</u></u>
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Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of General Fund fund balance subject to §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
CAPITAL PROJECTS FUND - SCHEDULE OF PROJECT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2020

SUPPLEMENTAL SCHEDULE #6

<u>Project Title</u>	<u>Project Number</u>	<u>Expenditures</u>						<u>Methods of Financing</u>				<u>Fund Balance (Deficit) June 30, 2020</u>
		<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Unexpended Balance</u>	<u>Proceeds from Obligations</u>	<u>State Sources</u>	<u>Local Sources</u>	<u>Total</u>	
School 18 PA System Doyle Middle School	0010.012	\$ 100,000	\$ 100,000	\$ 95,197	\$ -	\$ 95,197	\$ 4,803	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 4,803
Reconstruction (DMS)	0012.015	100,000	100,000	61,877	-	61,877	38,123	-	-	100,000	100,000	38,123
Capital Outlay Project	0009.003	100,000	100,000	94,818	-	94,818	5,182	-	-	100,000	100,000	5,182
Paving Improvements	0009.002	124,100	124,100	116,932	-	116,932	7,168	-	-	124,100	124,100	7,168
District Wide Infrastructure	1	23,300,000	23,300,000	18,201,504	4,049,354	22,250,858	1,049,142	215,000	-	6,500,000	6,715,000	(15,535,858)
Emergency Pool Project	0011-029	500,000	650,000	647,473	1,590	649,063	937	-	-	500,000	500,000	(149,063)
PS 2 Community Schools	0002-010	1,200,000	1,300,000	1,145,715	51,515	1,197,230	102,770	-	-	260,109	260,109	(937,121)
High School Roof	0011-031	3,850,000	3,850,000	10,161	1,709,967	1,720,128	2,129,872	-	-	577,500	577,500	(1,142,628)
Emergency Gym Roof	0011-031	1,500,000	1,500,000	698,945	288,567	987,512	512,488	-	-	1,500,000	1,500,000	512,488
Building Modernization Project	1	56,000,000	56,000,000	-	1,775,536	1,775,536	54,224,464	-	-	3,922,500	3,922,500	2,146,964
Capital Outlay Project	0011-032	100,000	200,000	-	8,866	8,866	191,134	-	-	200,000	200,000	191,134
Total		<u>\$ 86,874,100</u>	<u>\$ 87,224,100</u>	<u>\$ 21,072,622</u>	<u>\$ 7,885,395</u>	<u>\$ 28,958,017</u>	<u>\$ 58,266,083</u>	<u>\$ 215,000</u>	<u>\$ -</u>	<u>\$ 13,884,209</u>	<u>\$ 14,099,209</u>	<u>\$ (14,858,808)</u>

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

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT

FOR THE YEAR ENDED JUNE 30, 2020

SUPPLEMENTAL SCHEDULE #7

Capital Assets, Net \$ 132,156,171

Deduct:

Short-term portion of bonds and bond anticipation notes payable	\$ 23,020,076	
Long-term portion of bonds payable	43,695,000	
Unamortized bond premium	4,998,285	
Less: unspent cash, capital projects	<u>(3,179,192)</u>	
		<u>68,534,169</u>

Investment in Capital Assets, Net of Related Debt \$ 63,622,002

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

SUPPLEMENTAL SCHEDULE #8

	<u>Capital Projects</u>	<u>Special Aid</u>	<u>School Food Service</u>	<u>Total Debt Service</u>	<u>Non-Major Funds</u>
Current Assets:					
Cash					
Unrestricted	\$ 3,179,192	\$ 227,511	\$ 2,284,192	\$ -	\$ 5,690,895
Restricted	-	-	-	4,668,895	4,668,895
Receivables					
Due from other funds	972	308,930	-	184,993	494,895
State and federal aid	-	5,812,862	55,106	-	5,867,968
Inventories	-	-	220,212	-	220,212
Total Assets	<u>\$ 3,180,164</u>	<u>\$ 6,349,303</u>	<u>\$ 2,559,510</u>	<u>\$ 4,853,888</u>	<u>\$ 16,942,865</u>
Current Liabilities:					
Payables					
Accounts payable	\$ 252,931	\$ 547,477	\$ 69,187	\$ -	\$ 869,595
Due to other funds	185,965	5,776,721	-	-	5,962,686
Due to other governments	-	-	704	-	704
BANs payable	17,600,076	-	-	-	17,600,076
Unearned revenue	-	25,105	-	-	25,105
Total Liabilities	<u>18,038,972</u>	<u>6,349,303</u>	<u>69,891</u>	<u>-</u>	<u>24,458,166</u>
Fund Balance:					
Restricted for:					
Debt service	-	-	-	4,853,888	4,853,888
Nonspendable:					
Inventories	-	-	220,212	-	220,212
Assigned for:					
Food service	-	-	2,269,407	-	2,269,407
Unassigned:					
Fund Balance (Deficit)	<u>(14,858,808)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,858,808)</u>
Total Fund Balance (Deficit)	<u>(14,858,808)</u>	<u>-</u>	<u>2,489,619</u>	<u>4,853,888</u>	<u>(7,515,301)</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 3,180,164</u>	<u>\$ 6,349,303</u>	<u>\$ 2,559,510</u>	<u>\$ 4,853,888</u>	<u>\$ 16,942,865</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

SUPPLEMENTAL SCHEDULE #9

	<u>Capital Projects</u>	<u>Special Aid</u>	<u>School Food Service</u>	<u>Debt Service</u>	<u>Total Non-Major Funds</u>
Revenues:					
Use of money and property	\$ -	\$ -	\$ -	\$ 62,360	\$ 62,360
State sources	-	3,444,684	46,013	-	3,490,697
Sales	-	-	44,495	-	44,495
Federal sources	-	5,202,839	2,038,917	-	7,241,756
Total Revenues	<u>-</u>	<u>8,647,523</u>	<u>2,129,425</u>	<u>62,360</u>	<u>10,839,308</u>
Expenditures:					
General support	-	136,133	-	-	136,133
Instruction	-	8,666,299	-	-	8,666,299
Capital outlay	7,885,395	-	-	-	7,885,395
Cost of sales	-	-	1,750,505	-	1,750,505
Total Expenditures	<u>7,885,395</u>	<u>8,802,432</u>	<u>1,750,505</u>	<u>-</u>	<u>18,438,332</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,885,395)</u>	<u>(154,909)</u>	<u>378,920</u>	<u>62,360</u>	<u>(7,599,024)</u>
Other Financing Sources (Uses):					
Operating Transfers In	4,022,500	154,909	-	-	4,177,409
BANs Redeemed from Appropriations	215,000	-	-	-	215,000
Net Premium on BAN Issuance	-	-	-	83,107	83,107
Total Other Sources	<u>4,237,500</u>	<u>154,909</u>	<u>-</u>	<u>83,107</u>	<u>4,475,516</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	<u>(3,647,895)</u>	<u>-</u>	<u>378,920</u>	<u>145,467</u>	<u>(3,123,508)</u>
Fund Balance (Deficit), Beginning of Year	<u>(11,210,913)</u>	<u>-</u>	<u>2,110,699</u>	<u>4,708,421</u>	<u>(4,391,793)</u>
Fund Balance (Deficit), End of Year	<u>\$ (14,858,808)</u>	<u>\$ -</u>	<u>\$ 2,489,619</u>	<u>\$ 4,853,888</u>	<u>\$ (7,515,301)</u>

FEDERAL AWARD PROGRAM INFORMATION

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AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Education
Enlarged City School District of Troy, New York
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 , of each major program, 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, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated November 2, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
November 2, 2020

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

To the Board of Education
Enlarged City School District of Troy, New York
Troy, New York

Report on Compliance for Each Major Federal Program

We have audited the Enlarged City School District of Troy, New York's (the "District") compliance with the types of compliance requirements described 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, 2020. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of 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, 2020.

Report on Internal Control over Compliance

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

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.

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

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.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
November 2, 2020

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity/Project Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
<u>Passed Through New York State Education Department:</u>				
<u>U.S. Department of Education</u>				
ESEA Title I	84.010	0021-19-2530	-	\$ 576,486
ESEA Title I	84.010	0021-20-2530	-	1,363,198
Title I School Improvement	84.010	0011-18-2148	-	66,478
Title I School Improvement	84.010	0011-19-2194	-	39,312
Title I School Improvement	84.010	0011-20-2194	-	136,191
Title I Delinquent Facilities	84.010	0016-20-2530	-	11,393
Title I Delinquent Facilities	84.010	0016-19-2530	-	12,804
Total CFDA #84.010			-	<u>2,205,862</u>
Special Education Cluster (IDEA)				
IDEA, Part B, Section 611	84.027	0032-20-0760	-	1,162,232
IDEA, Part B, Section 619	84.173	0033-20-0760	-	83,373
Total Special Education Cluster (IDEA)			-	<u>1,245,605</u>
Career and Technical Education	84.048	0639-20-1014	-	420,102
School Safety National Activities	84.184	0478-20-1016	-	59,894
Title VII - Education for Homeless Children and Youth	84.196	0212-20-3072	-	9,857
Title VII - Education for Homeless Children and Youth	84.196	0212-20-3034	-	30,393
Total CFDA #84.196			-	<u>40,250</u>
Twenty First Century Community Learning	84.287	0187-20-7120	-	854,869
Title III - Part A, LEP	84.365	0149-19-2530	-	1,553
Title III - Part A, LEP	84.365	0293-19-2530	-	17,853
Title III - Part A, LEP	84.365	0293-20-2530	-	6,949
Total CFDA #84.365			-	<u>26,355</u>
Title II - Part A - Teaching and Principal Training	84.367	0147-19-2530	-	14,909
Title II - Part A - Teaching and Principal Training	84.367	0147-20-2530	-	206,776
Total CFDA #84.367			-	<u>221,685</u>
Title IV - Student Support and Academic Enrichment Program	84.424	0204-19-2530	-	37,914
Title IV - Student Support and Academic Enrichment Program	84.424	0204-20-2530	-	90,303
Total CFDA #84.424			-	<u>128,217</u>
Total U.S. Department of Education			-	<u>5,202,839</u>
<u>U.S. Department of Agriculture</u>				
Child Nutrition Cluster				
School Breakfast Program	10.553	-	-	545,025
School Lunch Program	10.555	-	-	1,203,904
School Snack Program	10.555	-	-	25,531
Food Surplus	10.555	-	-	130,160
Total Child Nutrition Cluster			-	<u>1,904,620</u>
School Dinner Program	10.558	-	-	134,297
Total U.S. Department of Agriculture			-	<u>2,038,917</u>
Total Federal Assistance			\$ -	<u>\$ 7,241,756</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

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 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 Enlarged City School District of Troy, New York is an independent municipal corporation. All federal grant operations of the District are included in the scope of the single audit.

3. SCHOOLWIDE PROGRAMS

The District expends the following federal awards in schoolwide programs:

<u>Programs</u>	<u>Amount</u>
CFDA #10.553/10.555/10.558 Child Nutrition Program	\$ 1,904,620
CFDA #84.027 Special Education - Grants to States (IDEA, Part B)	1,162,232
CFDA #84.173 Special Education - Preschool Grants (IDEA, Preschool)	83,373
CFDA #84.010 Title I Grants to Local Educational Agencies	<u>2,205,862</u>
Total	<u>\$ 5,356,087</u>

4. 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, 2020, the School District received food commodities totaling \$130,160.

5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

Federal Aid per Financial Statements	\$ 7,426,832
Less: Federal Medicaid and Other Federal Receipts	<u>(185,076)</u>
Total Federal Assistance	<u>\$ 7,241,756</u>

6. 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 set by New York State.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SECTION I — SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified? ___ Yes X None reported
- Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified? ___ Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? ___ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Clusters</u>
10.553/10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes No

SECTION II — FINANCIAL STATEMENT FINDINGS

See page 78 for current year recommendations.

SECTION III — FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

N/A

SECTION IV — RESOLUTION OF PRIOR YEAR AUDIT FINDINGS

N/A

EXTRACLASSROOM ACTIVITY FUND

CUSACK & COMPANY
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AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Enlarged City School District of Troy, New York's Extraclassroom Activity Funds ("Troy's Extraclassroom Activity Funds"), which comprise the statement of assets and fund balance-cash basis as of June 30, 2020, and the related statement of cash receipts and disbursements-cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, and fund balance of Troy's Extraclassroom Activity Funds as of June 30, 2020, and its cash receipts and disbursements for the year then ended, in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

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

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
November 2, 2020

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

**EXTRACLASROOM ACTIVITY FUND
STATEMENT OF ASSETS AND FUND BALANCE**

RESULTING FROM CASH TRANSACTIONS

JUNE 30, 2020

Cash	<u>\$ 48,766</u>
Fund Balance	<u>\$ 48,766</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**EXTRACLASROOM ACTIVITY FUND****STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS****FOR THE YEAR ENDED JUNE 30, 2020**

Extracurricular Accounts	Balance June 30, 2019	Receipts 2019-2020	Disbursements 2019-2020	Balance June 30, 2020
Art Club	\$ 765	\$ 400	\$ -	\$ 1,165
Drama	12,163	5,270	5,892	11,541
Music	2,227	1,007	1,059	2,175
Key Club	434	984	862	556
Environmental Action	728	-	497	231
French	22	1,994	1,433	583
Italian	396	200	-	596
Spanish	163	500	-	663
Challenger (THS Paper)	94	-	-	94
Dardanian (THS Yearbook)	7,331	1,700	9,031	-
DMS Yearbook	227	851	-	1,078
Masterminds	1,777	2,652	2,197	2,232
THS Robotics	500	350	-	850
THS Best Buddies	245	310	-	555
Math Honor Society	305	120	100	325
THS Ski Club	292	4,660	4,440	512
DMS Ski Club	290	920	929	281
National Honor Society	2,084	100	1,003	1,181
Junior National Honor Society	3,884	-	-	3,884
DMS Student Council	1	206	-	207
THS Student Council	17,244	4,434	4,202	17,476
ALP Student Council	1,088	6,897	7,265	720
Junior/Senior Class	7,530	5,765	11,530	1,765
NYS Sales Tax	<u>525</u>	<u>458</u>	<u>887</u>	<u>96</u>
Total	<u>\$ 60,315</u>	<u>\$ 39,778</u>	<u>\$ 51,327</u>	<u>\$ 48,766</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

EXTRAClassroom Activity Fund

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Extraclassroom Activity Funds are used to account for those organizations within the Enlarged City School District of Troy, New York whose activities are conducted by students and whose financial support is raised other than by taxation, fees or through charges of the Enlarged City School District of Troy, New York.

Reporting Entity

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Enlarged City School District of Troy, New York. Consequently, such transactions are included in the Trust and Agency Fund of the general purpose financial statements.

Basis of Accounting

The books and records of the Enlarged City School District of Troy, New York's Extraclassroom Activity Funds are maintained on the cash basis of accounting in accordance with New York State guidelines. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

**REQUIRED COMMUNICATION WITH GOVERNANCE
AND
MANAGEMENT LETTER**

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MEMBERS OF:
AMERICAN INSTITUTE OF
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MEMBERS OF:
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

Board of Education and Management
Enlarged City School District of Troy, New York
Troy New York

We have audited 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 for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 1, 2020. Professional standards also require that we communicate to you the following information related to our audit.

SIGNIFICANT AUDIT FINDINGS

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by The Enlarged City School District of Troy, New York are described in Note 1 to the financial statements. No new significant accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by The Enlarged City School District of Troy, New York during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 2, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to The Enlarged City School District of Troy, New York's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as The Enlarged City School District of Troy, New York's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Financial Statement Preparation Process

While the District does employ an individual with the necessary qualifications to prepare a complete set of financial statements and related footnotes in accordance with generally accepted accounting principles you have outsourced this process to us. Cusack & Company, CPA's LLC has assisted in preparing your financial statements. Management continues to make all management decisions and perform all management functions. Additionally, management has designated an individual who possesses suitable skill, knowledge and experience to oversee our services. Such individual is responsible to evaluate the adequacy and results of the services performed, accepts responsibility for the results of the services, and maintains control and monitors such services. Governance and management have been advised of this previously and have concluded that the effort to prepare their own financial statements would exceed the benefit.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis and the additional RSI, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We are engaged to report on supplemental information, which accompany the financial statements but are not RSI. With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

CURRENT YEAR RECOMMENDATIONS

Fixed Assets:

During our testing of Fixed Assets we noted that several capital projects were not transferred to the fixed asset listing upon completion of the project. In addition, there were several capital asset expenditures made during the year which were not capitalized and depreciated, requiring late adjustment by the client. We recommend that the District implement a procedure to identify and capitalize all assets as your capitalization policy requires and reconcile, at least on a monthly basis, the items identified to the capital asset addition reports. This information should be reviewed by management and any discrepancies should be resolved in a timely manner.

Fund Balance:

Through discussion with management it was noted that the District was anticipating a significant increase in the 20-21 fiscal year due to changes required under state mandate due to the current COVID-19 pandemic. We recommended to management that an additional appropriation be made for these expenditures even though they were in excess of the approved budget amounts and not timely voted on by the Board of Education. We recommend that a process be put in place where these shortfalls can be identified timely and the Board of Education can properly approve. Due to the circumstances surrounding the COVID-19 pandemic and the lack of time Districts were given to comply with the State mandates, this placed significant financial burden upon them where actions had to be taken outside of the normal course of business.

RESOLUTION OF PRIOR YEAR RECOMMENDATIONS

There were no prior year recommendations.

This information is intended solely for the use of the Board of Education and management of The Enlarged City School District of Troy, New York and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
November 2, 2020