

*ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK*

*FINANCIAL REPORT*

*FOR THE YEAR ENDED JUNE 30, 2021*

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**  
**FINANCIAL REPORT**  
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*FOR THE YEAR ENDED JUNE 30, 2021*

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**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

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# ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

MANAGEMENT'S DISCUSSION

AND ANALYSIS (UNAUDITED)

JUNE 30, 2021

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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, 2021. 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 \$4,749,569 and \$3,152,148 during the course of 2021 and 2020, respectively, primarily due to the additions to capital assets in 2021 and 2020.
- Government-wide revenues were \$120,538,451 and \$120,979,840 for 2021 and 2020, respectively; district wide expenditures were \$115,788,882 and \$117,827,692 for 2021 and 2020, respectively.
- General fund revenues were greater than general fund expenditures by \$8,611,944 and \$3,105,224 for the years ended June 30, 2021 and 2020, respectively.
- General fund equity was \$35,024,851 at June 30, 2021 as compared to \$26,412,907 at June 30, 2020.

## 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.

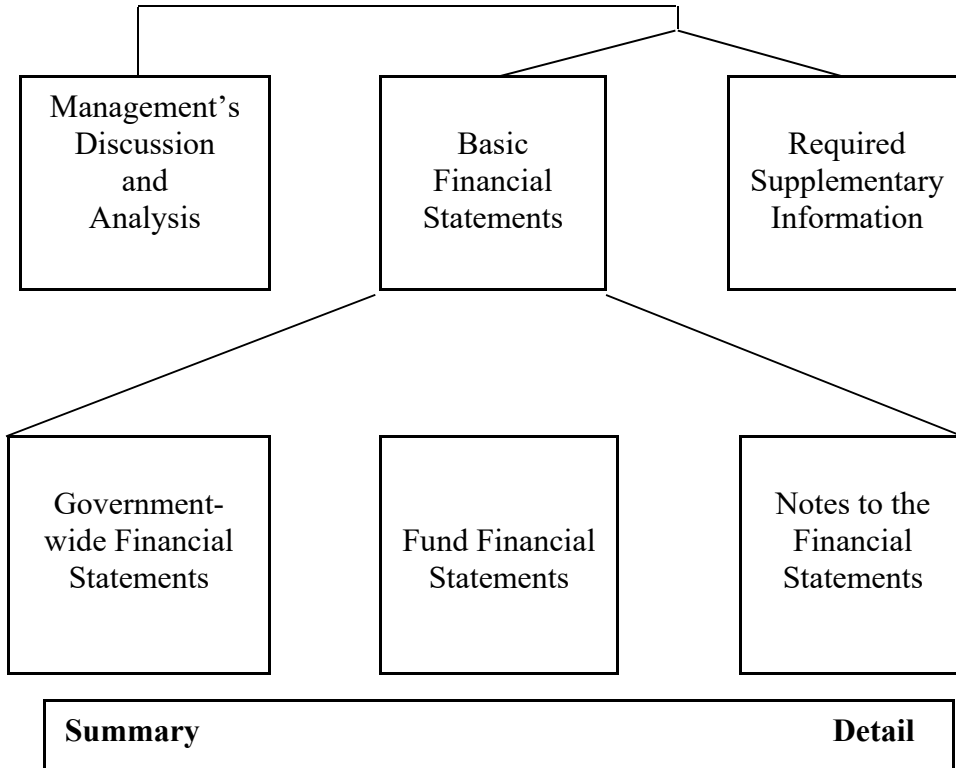
The financial statements also include notes that provide additional information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's 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, 2021*

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



**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

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

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

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

<u>Description</u>	<u>Government-wide Statements</u>	<u>Fund Financial Statements</u>
		<u>Governmental</u>
1. Scope	Entire district	The day-to-day operating activities of the District, such as special education and instruction
2. Required financial statements	<ul style="list-style-type: none"><li>• Statement of Net Position (District)</li><li>• Statement of Activities</li></ul>	<ul style="list-style-type: none"><li>• Balance Sheet</li><li>• Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)</li></ul>
3. Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement 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
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

# ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

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

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## 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. The District funds are as follows:

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

The fund financial statements can be found on pages 16-17 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources were less than liabilities and deferred inflows of resources by \$(62,077,161) at June 30, 2021 primarily due to the recognition of the District's other postemployment liability in accordance with GASB 75. 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, 2021

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

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	<b>Fiscal Year 2021</b>	<b>Fiscal Year 2020</b>	<b>Increase/ (Decrease)</b>	<b>Percentage Change</b>
Current and Other Assets	\$ 85.9	\$ 53.0	\$ 32.9	62.1%
Capital Assets	131.4	132.2	(0.8)	(0.6%)
Pension Assets, Net	-	5.3	(5.3)	(100.0%)
Total Assets	<u>217.3</u>	<u>190.5</u>	<u>26.8</u>	14.1%
Deferred Outflows	<u>57.0</u>	<u>42.7</u>	<u>14.3</u>	33.5%
Current Liabilities	42.1	32.5	9.6	29.5%
Long-term Debt Outstanding	<u>248.7</u>	<u>217.4</u>	<u>31.3</u>	14.4%
Total Liabilities	<u>290.8</u>	<u>249.9</u>	<u>40.9</u>	16.4%
Deferred Inflows	<u>45.6</u>	<u>50.5</u>	<u>(4.9)</u>	(9.7%)
Investment in Capital Assets, Net of Related Debt	66.4	63.6	2.8	4.4%
Restricted	14.2	10.4	3.8	36.5%
Unassigned Deficit	<u>(142.7)</u>	<u>(141.2)</u>	<u>(1.5)</u>	(1.1%)
Total Net Position (Deficit)	<u>\$ (62.1)</u>	<u>\$ (67.2)</u>	<u>\$ 5.1</u>	7.6%

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**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, 2021

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

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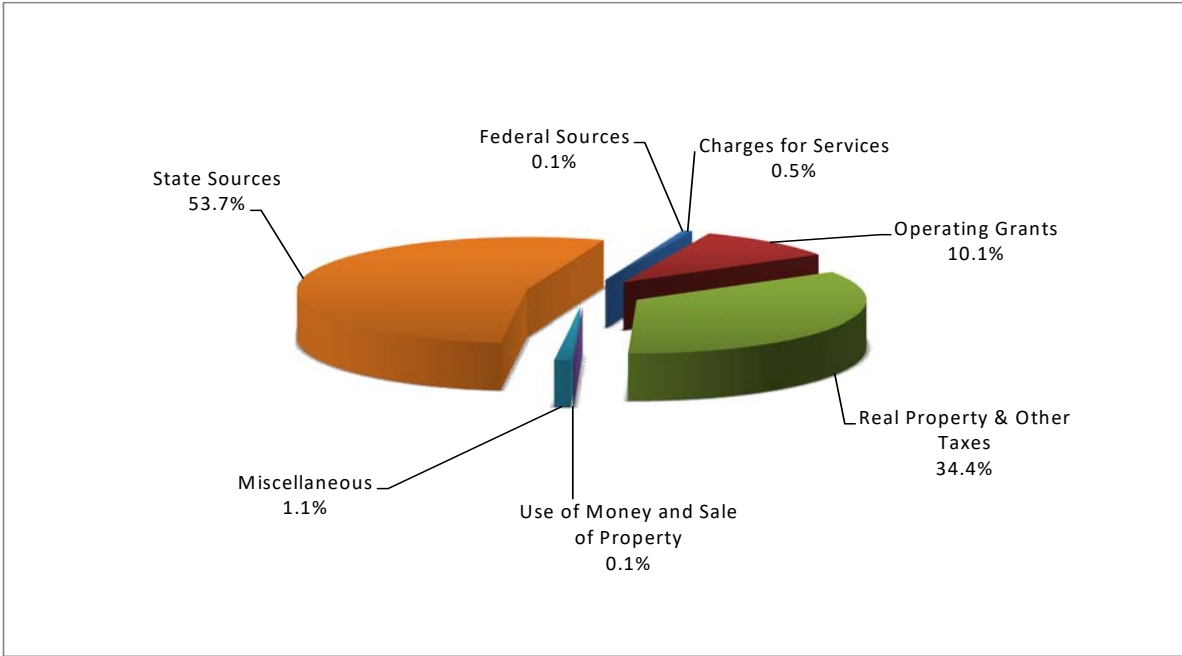
	<b>Fiscal Year 2021</b>	<b>Fiscal Year 2020</b>	<b>Increase/ Decrease</b>	<b>Percentage Change</b>
<b>Changes in Net Position from Operating Results</b>				
Program Revenues:				
Charges for Services	\$ 646,169	\$ 713,336	\$ (67,167)	(9.4%)
Operating Grants	12,134,722	10,887,362	(1,247,360)	11.5%
General Revenues:				
Real Property and Other Taxes	41,522,942	40,140,248	1,382,694	3.4%
Use of Money and Property	22,356	239,269	(216,913)	(90.7%)
Sale of Property and Compensation for Loss	60,536	113,959	(53,423)	(46.9%)
Miscellaneous	1,364,966	1,691,638	(326,672)	(19.3%)
State Sources	64,646,582	67,008,952	(2,362,370)	(3.5%)
Federal Sources	140,178	185,076	(44,898)	(24.3%)
Total Revenues	<u>120,538,451</u>	<u>120,979,840</u>	<u>(441,389)</u>	<u>(0.4%)</u>
Expenses:				
General Support	11,890,061	9,001,163	2,888,898	32.1%
Instruction	63,790,779	67,843,325	(4,052,546)	(6.0%)
Pupil Transportation	5,816,178	6,235,851	(419,673)	(6.7%)
Employee Benefits	25,376,180	24,993,457	382,723	1.5%
Interest and Other Debt Expense	1,644,226	2,222,340	(578,114)	(26.0%)
Other	2,116,045	1,751,609	364,436	20.8%
Depreciation - Unallocated	5,155,413	5,779,947	(624,534)	(10.8%)
Total Expenses	<u>115,788,882</u>	<u>117,827,692</u>	<u>(2,038,810)</u>	<u>(1.7%)</u>
Change in Net Position	<u>\$ 4,749,569</u>	<u>\$ 3,152,148</u>	<u>\$ 1,597,421</u>	<u>50.7%</u>

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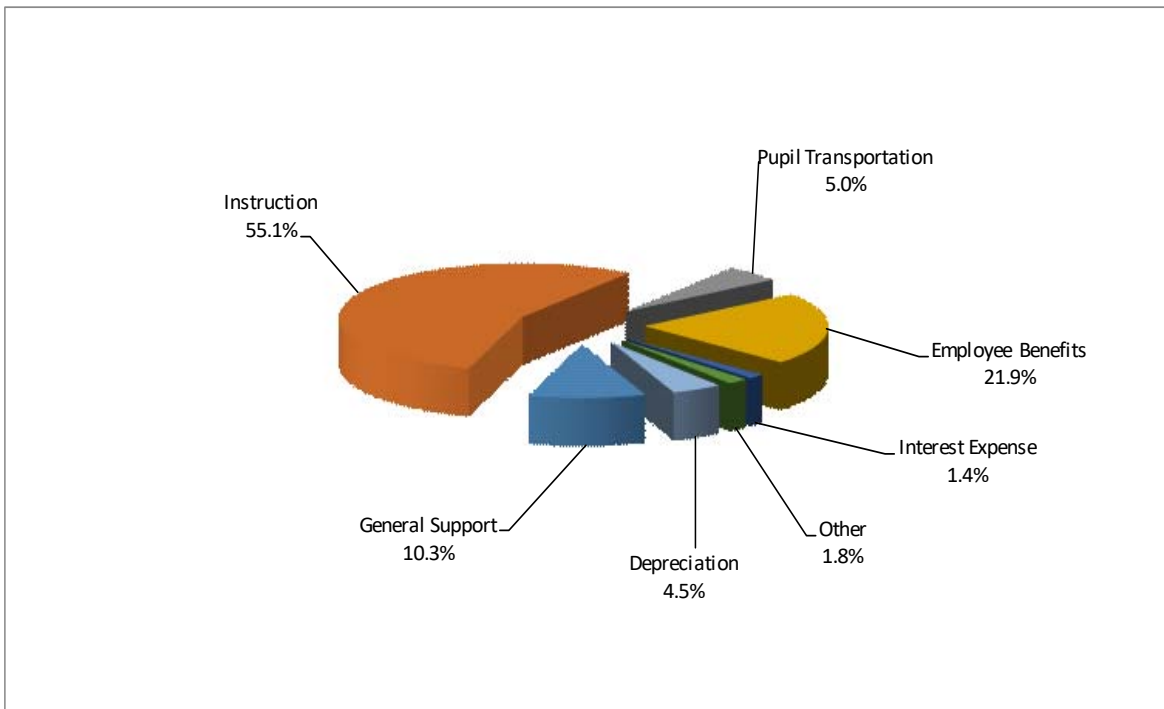
**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**  
*MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED) (CONTINUED)*  
JUNE 30, 2021

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**Table A-5: Sources of Revenue for Fiscal Year 2021**



**Table A-6: Expenses for Fiscal Year 2021**



**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**  
*MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED) (CONTINUED)*  
JUNE 30, 2021

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**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 2020-2021 were \$111,372,003 an increase of 0.3% from 2019-2020.

Total General Fund expenditures and other financing uses for 2020-2021 were \$102,760,059, a decrease of 4.8% from 2019-2020. The key factors in this decrease were lower costs as a result of COVID-19.

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**  
MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED) (CONTINUED)  
JUNE 30, 2021

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of fiscal year 2021, the District had invested \$131,378,971 net of depreciation of \$85,554,965, 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 a decrease of \$777,200 from fiscal year-end 2020 (more detailed information about capital assets can be found in Note 2. A.V. to the financial statements). Total depreciation expense for the year was \$5,155,413, while equipment acquisitions and additional construction on capital projects, net of disposals, amounted to \$4,378,213 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 2021 and 2020:

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

<b>Category</b>	<b>Fiscal Year-End <u>2021</u></b>	<b>Fiscal Year-End <u>2020</u></b>
Land and Land Improvements	\$ 2.3	\$ 2.4
Construction in Progress	33.1	29.0
Buildings	93.8	97.7
Machinery, Equipment and Vehicles	<u>2.3</u>	<u>3.1</u>
Total	<u>\$ 131.5</u>	<u>\$ 132.2</u>

**Short-Term Debt**

The District borrowed \$26,000,000 in bond anticipation notes in June 2021, 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, 2021

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**Long-Term Debt**

At year-end June 30, 2021 the District had \$60,988,400 million in general obligation and \$193,905,414 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>2021</u>	Fiscal Year-End <u>2020</u>
Due to Workers' Compensation Consortium	\$ 1,491,289	\$ 3,637,896
Bonds and Unamortized Bond Premium	65,748,006	54,113,285
Compensated Absences	3,879,129	3,735,688
Other Postemployment Benefits	178,013,942	155,116,792
Pension Liability	<u>5,761,448</u>	<u>6,230,409</u>
	<u>\$ 254,893,814</u>	<u>\$ 222,834,070</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 58-61% 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 12 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 1<sup>st</sup> Street  
Troy, New York 12180  
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AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:  
NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

**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, 2021, 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.

## ***Emphasis of Matter***

As discussed in Note 1, the District adopted the Governmental Accounting Standards Board's Statement No. 84, *Fiduciary Activities*, as of and for the year ended June 30, 2021. Our opinion is not modified with respect to this matter.

## ***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, 2021, 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 benefit plans, proportionate share of net pension assets/liabilities and district contributions - pension plans, on pages 53-57 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 supplementary information on pages 58-64 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 69 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 supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing

standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2021, 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 3, 2021



**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

*STATEMENT OF NET POSITION (DEFICIT)*

JUNE 30, 2021

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

Current Assets:	
Unrestricted Cash	\$ 51,381,264
Restricted Cash	13,626,766
Taxes Receivable	2,699,749
State and Federal Aid Receivable	12,127,184
Due from Other Governments	406,399
Accounts Receivable	33,098
Inventories	<u>62,577</u>
Total Current Assets	80,337,037
Long-Term Assets:	
Due from Healthcare Consortium	5,613,810
Nondepreciable Capital Assets	33,403,268
Depreciable Capital Assets, Net	<u>97,975,703</u>
Total Assets	<u>217,329,818</u>
Deferred Outflows of Resources:	
Pension	24,532,034
Other Postemployment Benefits	<u>32,449,245</u>
Total Deferred Outflows of Resources	<u>56,981,279</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 274,311,097</u>

**LIABILITIES AND DEFERRED INFLOWS OF RESOURCES**

Current Liabilities:	
Accounts Payable	\$ 4,206,518
Accrued Liabilities	1,397,890
Due to Other Governments	803
Accrued Interest	263,627
Due to Teachers' Retirement System	3,537,960
Due to Employees' Retirement System	329,058
Bond Anticipation Notes Payable	26,000,000
Overpayments and Collections in Advance	38,390
Unearned Revenue	138,615
Bonds Due and Payable within One Year	<u>6,223,400</u>
Total Current Liabilities	42,136,261
Long-Term Liabilities:	
Due to Workers' Compensation Consortium	1,491,289
Bonds and Unamortized Bond Premium	59,524,606
Compensated Absences	3,879,129
Other Postemployment Benefits	178,013,942
Net Pension Liability	<u>5,761,448</u>
Total Liabilities	<u>290,806,675</u>
Deferred Inflows of Resources:	
Pension	10,143,086
Other Postemployment Benefits	<u>35,438,497</u>
Total Deferred Inflows of Resources	<u>45,581,583</u>
Total Liabilities and Deferred Inflows of Resources	<u>336,388,258</u>

**NET POSITION (DEFICIT)**

Invested in Capital Assets, Net of Related Debt	66,411,681
Restricted	14,219,871
Unassigned:	
Unassigned Deficit	<u>(142,708,713)</u>
Total Net Position	<u>(62,077,161)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 274,311,097</u>

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

*STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION (DEFICIT)*

*FOR THE YEAR ENDED JUNE 30, 2021*

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Expenses and Changes in Net Position (Deficit)</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
Functions/Programs:				
General Support	\$ 11,890,061	\$ (7,746)	\$ (69,478)	\$ 11,812,837
Instruction	63,790,779	(637,352)	(10,136,373)	53,017,054
Pupil Transportation	5,816,178	-	-	5,816,178
Employee Benefits	25,376,180	-	-	25,376,180
Debt Service - Interest and Other	1,644,226	-	-	1,644,226
Depreciation - Unallocated (includes direct expense of various functions and programs)	5,155,413	-	-	5,155,413
School Lunch Program	<u>2,116,045</u>	<u>(1,071)</u>	<u>(1,928,871)</u>	<u>186,103</u>
Total Functions and Programs	<u>\$ 115,788,882</u>	<u>\$ (646,169)</u>	<u>\$ (12,134,722)</u>	<u>103,007,991</u>
General Revenues:				
Real Property Taxes				34,869,778
Other Tax Items				5,253,364
Nonproperty Taxes				1,399,800
Use of Money and Property				22,356
Sale of Property and Compensation for Loss				60,536
State Aid				64,646,582
Federal Aid				140,178
Miscellaneous				<u>1,364,966</u>
Total General Revenues				<u>107,757,560</u>
Change in Net Position (Deficit)				4,749,569
Total Net Position (Deficit), Beginning of Year				(67,188,282)
Prior Period Adjustment for Change in Accounting Principle				<u>361,552</u>
Total Net Position (Deficit), End of Year				<u>\$ (62,077,161)</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, 2021**

	<u>General</u>	<u>Capital Projects</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>Current Assets:</b>				
Cash				
Unrestricted	\$ 21,374,732	\$ 26,780,716	\$ 3,255,816	\$ 51,381,264
Restricted	8,764,658	-	4,862,108	13,626,766
Receivables				
Taxes	2,699,749	-	-	2,699,749
Due from Other Funds	6,978,500	972	1,088,623	8,068,095
State and Federal Aid	5,910,212	-	6,216,972	12,127,184
Due from Other Governments	406,399	-	-	406,399
Other	33,098	-	-	33,098
Inventories	-	-	62,577	62,577
Total Assets	<u>\$ 46,167,348</u>	<u>\$ 26,781,688</u>	<u>\$ 15,456,096</u>	<u>\$ 88,405,132</u>
<b>Current Liabilities:</b>				
Accounts Payable	\$ 2,589,152	\$ 852,954	\$ 764,412	\$ 4,206,518
Accrued Liabilities	1,397,890	-	-	1,397,890
Due to Other Funds	503,071	1,094,077	6,470,947	8,068,095
Due to Other Governments	149	-	654	803
Due to Teachers' Retirement System	3,537,960	-	-	3,537,960
Due to Employees' Retirement System	329,058	-	-	329,058
Bond Anticipation Notes Payable	-	26,000,000	-	26,000,000
Overpayments and Collections in Advance	38,390	-	-	38,390
Unearned Revenue	47,279	-	91,336	138,615
Total Liabilities	<u>8,442,949</u>	<u>27,947,031</u>	<u>7,327,349</u>	<u>43,717,329</u>
<b>Deferred Inflows of Resources:</b>				
Uncollected Real Estate Taxes	2,699,548	-	-	2,699,548
Total Deferred Inflows of Resources	<u>2,699,548</u>	<u>-</u>	<u>-</u>	<u>2,699,548</u>
<b>Fund Balance:</b>				
Nonspendable:				
Inventories	-	-	62,577	62,577
Restricted for:				
Workers' Compensation Reserve	1,491,289	-	-	1,491,289
Unemployment Insurance Reserve	401,451	-	-	401,451
Tax Certiorari Reserve	1,577,181	-	-	1,577,181
Employee Benefits Accrued Liabilities Reserve	1,256,091	-	-	1,256,091
Capital Reserve	2,029,935	-	-	2,029,935
Retirement Reserve	3,500,000	-	-	3,500,000
Debt Service	-	-	5,455,213	5,455,213
Total Restricted	<u>10,255,947</u>	<u>-</u>	<u>5,455,213</u>	<u>15,711,160</u>
Assigned for:				
General Support	1,046,282	-	-	1,046,282
Instruction	1,485,696	-	-	1,485,696
Other	113,136	-	-	113,136
Food Service	-	-	2,242,909	2,242,909
Other Special Revenue	-	-	368,048	368,048
Appropriated for Subsequent Year's Expenditures	3,400,000	-	-	3,400,000
Total Assigned	<u>6,045,114</u>	<u>-</u>	<u>2,610,957</u>	<u>8,656,071</u>
Unassigned:				
Unassigned (Deficit)	18,723,790	(1,165,343)	-	17,558,447
Total Fund Balance (Deficit)	<u>35,024,851</u>	<u>(1,165,343)</u>	<u>8,128,747</u>	<u>41,988,255</u>
Total Liability, Deferred Inflows of Resources and Fund Balance	<u>\$ 46,167,348</u>	<u>\$ 26,781,688</u>	<u>\$ 15,456,096</u>	<u>\$ 88,405,132</u>

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

Total governmental fund balance per above	\$ 41,988,255
Long-term amounts due from healthcare consortium under full accrual accounting.	5,613,810
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.	131,378,971
Pension liabilities, including deferred outflows and inflows.	8,627,500
Long-term liabilities, including workers' compensation, bonds payable and compensated absences are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	(66,358,818)
Deferral of charges for state aid reduction and property taxes earned in the current year are recognized as revenue under full accrual accounting.	2,699,548
Other postemployment benefit liability is recognized as a liability under full accrual accounting, including deferred outflows and inflows.	(181,003,194)
Interest payable in the government-wide statements under full accrual accounting.	(263,627)
Premium on bond borrowings is deferred in the government-wide financial statements under full accrual accounting.	(4,759,606)
Net Position (Deficit) of Governmental Activities	<u>\$ (62,077,161)</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, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Real Property Taxes	\$ 34,711,010	\$ -	\$ -	\$ 34,711,010
Other Tax Items	5,253,364	-	-	5,253,364
Nonproperty Taxes	1,399,800	-	-	1,399,800
Charges for Service	645,098	-	-	645,098
Use of Money and Property	13,704	-	8,652	22,356
Sale of Property and Compensation for Loss	60,536	-	-	60,536
Interfund Revenues	104,695	-	-	104,695
Miscellaneous	1,480,113	-	47,088	1,527,201
State Aid	65,306,238	-	2,764,350	68,070,588
Federal Aid	2,397,445	-	6,950,870	9,348,315
Sales	-	-	1,071	1,071
Total Revenues	<u>111,372,003</u>	<u>-</u>	<u>9,772,031</u>	<u>121,144,034</u>
<b>Expenditures:</b>				
General Support	12,049,156	-	69,478	12,118,634
Instruction	55,884,408	-	7,918,198	63,802,606
Pupil Transportation	5,815,780	-	-	5,815,780
Employee Benefits	20,413,168	-	-	20,413,168
Debt Service				
Principal	5,420,000	-	-	5,420,000
Interest	2,515,312	-	-	2,515,312
Cost of Sales	-	-	2,115,575	2,115,575
Capital Outlay	-	4,099,935	-	4,099,935
Total Expenditures	<u>102,097,824</u>	<u>4,099,935</u>	<u>10,103,251</u>	<u>116,301,010</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>9,274,179</u>	<u>(4,099,935)</u>	<u>(331,220)</u>	<u>4,843,024</u>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	-	500,000	162,235	662,235
Operating Transfers Out	(662,235)	-	-	(662,235)
Proceeds from Serial Bonds	-	17,293,400	-	17,293,400
Premium on BAN Issuance	-	-	592,673	592,673
Total Other Financing Sources (Uses)	<u>(662,235)</u>	<u>17,793,400</u>	<u>754,908</u>	<u>17,886,073</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	8,611,944	13,693,465	423,688	22,729,097
Fund Balance (Deficit), Beginning of Year	<u>26,412,907</u>	<u>(14,858,808)</u>	<u>7,705,059</u>	<u>19,259,158</u>
Fund Balance (Deficit), End of Year	<u>\$ 35,024,851</u>	<u>\$ (1,165,343)</u>	<u>\$ 8,128,747</u>	<u>\$ 41,988,255</u>

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**  
*RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT)  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021*

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Net Changes in Fund Balance (Deficit) - Governmental Funds	\$ 22,729,097
Long-term amounts due from healthcare consortium do not provide current resources and, therefore, the increase in the asset in 2021 is not reported as revenue in the governmental funds.	1,494,367
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.	4,378,213
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(5,155,413)
Net pension expense in accordance with GASB 68 is a higher expense in the government-wide financial statements under full accrual accounting.	(4,205,822)
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.	564,547
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.	5,420,000
Premiums on current year bond issuances are an amortizable long-term liability.	(325,868)
Proceeds from long-term borrowings is a revenue in the governmental funds, but is a liability under full accrual accounting.	(17,293,400)
Certain real property tax revenue not recognized in the governmental funds under the modified accrual basis of accounting (60 day rule) but is recognized under full accrual accounting.	158,768
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 2021 results in less expense.	39,734
Certain expenses in the statement of activities related to the workers' compensation liability do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds. The decrease in the liability in 2021 results in less expense.	2,146,607
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 2021 results in more expense.	(143,441)
Certain postemployment benefits are recognized as an expense in the statement of activities under full accrual accounting.	<u>(4,398,164)</u>
Change in Net Position (Deficit) of Governmental Activities	<u><u>\$ 4,749,569</u></u>

**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 the other special revenue 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, 2021

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**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, 2021, the District was billed \$9,356,752 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 \$445,046.

***C. Basis of Presentation***

***Government-wide Statements***

The Statement of Net Position (Deficit) and the Statement of Activities and Change in Net Position (Deficit) present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to eliminate the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental 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 (Deficit) presents the financial position of the District at year-end. The Statement of Activities and Change in Net Position (Deficit) 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, if applicable. Separate statements for each fund category (governmental and fiduciary) are presented, if applicable. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

I. Governmental Fund Types

The District reports the following major governmental funds:

1. General Fund

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

2. Capital Projects Funds

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

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

3. 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 school food programs.

c. Other Special Revenue Fund

Used to account for the Extraclassroom Activity and Scholarship Funds.



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Presentation (Continued)**

***Fund Financial Statements (Continued)***

**I. Governmental Fund Types (Continued)**

**4. Debt Service Fund**

The debt service fund is used to account for and report on the accumulation of resources to be used for reduction of long-term indebtedness.

**D. Basis of Accounting/Measurement Focus**

***General Information***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

**E. Unearned Revenue and Deferred Outflows and Inflows of Resources**

The District reports unearned revenues on its Statement of Net Position (Deficit) and its Balance Sheet. On the Statement of Net Position (Deficit), 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.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***E. Unearned Revenue and Deferred Outflows and Inflows of Resources (Continued)***

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

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

***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.

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, 2020 encumbrances of \$3,537,203 occurred during the year:

Various Gifts	<u>\$ 1,000</u>
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*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, 2021

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**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 net of uncollectible amounts. 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 expenditures and revenues to provide financing or other services.

In the Government-wide statements, eliminations have been made for all interfund receivables and payables between the funds.

***L. Equity Classifications***

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

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

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***L. Equity Classifications (Continued)***

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, 2021.

**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, 2021.

**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 \$2,645,114 and in the school food service fund of \$107,069, respectively, at June 30, 2021 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.

**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.

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***L. Equity Classifications (Continued)***

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

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

**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.

**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.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*L. Equity Classifications (Continued)*

V. Retirement Contribution Reserve

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.

VII. Reserve for Tax Certiorari

Authorized by Education Law §3651, this reserve is used to fund tax certiorari and to expend from the reserve without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgements and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the General fund.

*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 575 retirees and their spouses meet those eligibility requirements. The District pays 100% of the cost of premiums to an insurance company which provides health care insurance, and is reimbursed a portion of the cost from certain retiree groups. In the governmental funds, the District recognized the net cost of providing benefits for fiscal year 2021 by recording approximately \$4.5 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, 2021

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***N. Due to/from Other Funds***

The amounts reported on the Statement of Net Position (Deficit), if applicable, for due to and due from other funds represents amounts due between different fund types. Eliminations have been made for amounts due to and due from the same fund type.

***O. Capital Assets***

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

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

	<b><u>Capitalization Threshold</u></b>	<b><u>Depreciation Method</u></b>	<b><u>Estimated Useful Lives</u></b>
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 (Deficit). The difference primarily results from the additional long-term economic focus of the Statement of Net Position (Deficit) versus the solely current financial resources focus of governmental fund Balance Sheets.
- b. Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities and Change in Net Position (Deficit):

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities and Change in Net Position (Deficit) 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 Employees' Retirement System.

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

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

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

***T. Short-Term Debt***

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN) in anticipation of the receipt of 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 with original issue premiums of \$7,803,153. The premiums are amortized over the life of the debt using the effective interest method and grouped with the long-term portion of bonds payable.

***V. New Accounting Standard***

**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.

As a result of implementing Statement No. 84, beginning fund balance and net position were increased by \$361,552 to recognize the Extraclassroom Activity and Scholarship Funds as other special revenue funds, which had previously been reported as fiduciary funds.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***W. Future Changes in Accounting Standards***

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 evaluates the impact new 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 3, 2021, the date the financial statements were available to be issued. No such events or transactions were noted by management.

**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, 2021 all deposits were fully insured and collateralized by the District's agent in the District's name.

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

**2. DETAIL NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**I. Cash**

2. Restricted Cash

*General*

Restricted cash of \$8,764,658 consists of amounts set aside by the District to fund the District's restricted reserves.

*Debt Service*

Restricted cash of \$4,862,108 consists of unexpended closed capital projects and premiums earned on borrowings restricted for debt payment.

**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	\$ 6,978,500	\$ 503,071	\$ -	\$ 662,235
Capital Projects	972	1,094,077	500,000	-
Special Aid	495,518	6,470,947	162,235	-
Debt Service	<u>593,105</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>\$ 8,068,095</u>	<u>\$ 8,068,095</u>	<u>\$ 662,235</u>	<u>\$ 662,235</u>

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

**III. Other Receivables**

Other receivables in the governmental funds at June 30, 2021 consisted of the following, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General Fund	Repayment of Sabbatical Salary	\$ 32,500
General Fund	Other	<u>598</u>
		<u>\$ 33,098</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

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, 2021, the Districts's prescription drug plan account balance maintained by the Consortium is \$4,387,143 of which \$554,000 is estimated as the outstanding estimated liability for the self-insured prescription plan. The excess balance of \$3,833,143 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, 2021 of \$1,780,667.

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

	<u>2021</u>	<u>2020</u>
Unpaid claims prescription drug trust, beginning of year	\$ 543,000	\$ 495,000
Net claims	3,774,006	3,720,870
Payments made	<u>(3,763,006)</u>	<u>(3,672,870)</u>
Unpaid claims prescription drug trust, end of year	<u>\$ 554,000</u>	<u>\$ 543,000</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.



**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

**2. DETAIL NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**V. Capital Assets**

Capital asset balances for the year ended June 30, 2021 are as follows:

	<u>Balance</u> <u>July 1</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Balance</u> <u>June 30</u>
Capital assets that are not depreciated:				
Land	\$ 345,316	\$ -	\$ -	\$ 345,316
Construction in Progress	<u>28,958,017</u>	<u>4,099,935</u>	<u>-</u>	<u>33,057,952</u>
Total nondepreciable historical cost	<u>29,303,333</u>	<u>4,099,935</u>	<u>-</u>	<u>33,403,268</u>
Capital assets that are depreciated:				
Buildings	160,534,232	-	-	160,534,232
Machinery and equipment	18,023,884	278,278	(66,433)	18,235,729
Land improvements	3,974,151	-	-	3,974,151
Vehicles	<u>786,556</u>	<u>-</u>	<u>-</u>	<u>786,556</u>
Total depreciable historical cost	<u>183,318,823</u>	<u>278,278</u>	<u>(66,433)</u>	<u>183,530,668</u>
Less accumulated depreciation:				
Buildings	62,836,757	3,888,413	-	66,725,170
Machinery and equipment	15,163,416	1,046,207	(66,433)	16,143,190
Land improvements	1,893,904	174,043	-	2,067,947
Vehicles	<u>571,908</u>	<u>46,750</u>	<u>-</u>	<u>618,658</u>
Total accumulated depreciation	<u>80,465,985</u>	<u>5,155,413</u>	<u>(66,433)</u>	<u>85,554,965</u>
Total capital assets, net	<u>\$ 132,156,171</u>	<u>\$ (777,200)</u>	<u>\$ -</u>	<u>\$ 131,378,971</u>

**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.

**2. DETAIL NOTES ON ALL FUNDS (CONTINUED)**

**B. Liabilities**

**I. Pension Plans**

*Provisions and Administration (Continued)*

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](http://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](http://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>
2020-2021	\$ 3,122,467	\$ 956,945
2019-2020	\$ 3,643,513	\$ 979,501
2018-2019	\$ 3,667,723	\$ 952,546

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 TRS from 2019-2021 were 10.6%, 8.9% and 9.5%, respectively, and the rates from 2019-2021 for ERS were 15.9%, 16.2% and 18.3%, for the largest employee group, 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, 2021, the District reported a net pension liability of \$5,737,526 (TRS) and \$23,922 (ERS) for its proportionate share of the net pension liability. The net pension liability (TRS) was measured as of June 30, 2020, and the net pension liability (ERS) was measured as of March 31, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The District's proportion of the net pension 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, 2021

**2. DETAIL NOTES ON ALL FUNDS (CONTINUED)**

***B. Liabilities (Continued)***

***I. Pension Plans (Continued)***

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2020	March 31, 2021
District's proportionate share of the net pension liability	\$ 5,737,526	\$ 23,922
District's portion of the Plan's total net pension liability	.207635%	.0240244%

For the year ended June 30, 2021, the District recognized a net pension expense of \$8,299,605 in the statement of activities resulting from \$7,723,957 for TRS and \$575,648 for ERS.

At June 30, 2021, 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	\$ 5,027,220	\$ 292,153	\$ 5,319,373
Changes of assumptions	7,256,634	4,398,486	11,655,120
Net difference between projected and actual earnings on pension plan investments	3,747,107	-	3,747,107
Changes in proportion and differences between employer contributions and proportionate share of contributions	244,379	96,269	340,648
Contributions made subsequent to the measurement date	<u>3,140,728</u>	<u>329,058</u>	<u>3,469,786</u>
	<u>\$ 19,416,068</u>	<u>\$ 5,115,966</u>	<u>\$ 24,532,034</u>

At June 30, 2021, 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	\$ (294,037)	\$ -	\$ (294,037)
Change in assumptions	(2,586,611)	(82,957)	(2,669,568)
Net difference between projected and actual earnings on pension plan investments	-	(6,871,810)	(6,871,810)
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>(273,113)</u>	<u>(34,558)</u>	<u>(307,671)</u>
	<u>\$ (3,153,761)</u>	<u>\$ (6,989,325)</u>	<u>\$ (10,143,086)</u>

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

**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, 2022	\$ 5,315,094
June 30, 2023	4,381,782
June 30, 2024	3,329,062
June 30, 2025	983,807
June 30, 2026	127,642
Thereafter	<u>251,561</u>
	<u>\$ 14,388,948</u>

	<u>TRS</u>	<u>ERS</u>
Covered Payroll	<u>\$ 32,956,220</u>	<u>\$ 7,136,525</u>

**TRS Actuarial Assumptions**

The total pension liability at June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. 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 2019, applied on a generational basis. Active members mortality rates are based on plan member experience.

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

Significant actuarial assumptions used in the valuation were as follows:

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

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

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

**Long-Term Expected Rate of Return**

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

**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	7.1%	4.05%
International equity	7.7%	6.3%
Global equities	7.4%	0%
Real estate	6.8%	4.95%
Private Equities	10.4%	6.75%
Domestic fixed income securities	1.8%	0%
Global fixed income securities	1.0%	0%
Private debt	5.2%	0%
Real estate debt	3.6%	0%
High-yield fixed income securities	3.9%	0%
Short-term	.7%	0%
Opportunistic portfolio	0%	4.5%
Real assets	0%	5.95%
Credit	0%	3.63%

**Discount Rate**

The discount rate used to calculate the total pension liability was 7.10% for TRS and 5.9% ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

**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 5.9 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:

	<b><u>1% Decrease</u></b>	<b><u>Current Assumption</u></b>	<b><u>1% Increase</u></b>
<b><u>TRS</u></b>			
Employer's proportionate share of the net pension (asset) liability	<u>\$ 36,241,972</u>	<u>\$ 5,737,526</u>	<u>\$ (19,863,435)</u>
<b><u>ERS</u></b>			
Employer's proportionate share of the net pension (asset) liability	<u>\$ 6,639,836</u>	<u>\$ 23,922</u>	<u>\$ (6,077,499)</u>

**Pension Plan Fiduciary Net Position**

The components of the net pension liability (TRS and ERS) of the employer as of June 30, 2020 and March 31, 2021, respectively, are as follows (in thousands):

	<b><u>TRS</u></b>	<b><u>ERS</u></b>
Employers' total pension liability	\$ (123,242,776)	\$ (220,680,157)
Plan fiduciary net position	<u>120,479,505</u>	<u>220,580,583</u>
Employers' net pension liability	<u>\$ (2,763,271)</u>	<u>\$ (99,574)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	<u>97.80%</u>	<u>99.95%</u>

**Payables and Pension Plan**

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 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, 2021 amounted to \$3,140,728, along with employee withholdings of \$397,232 as of June 30, 2021.



**2. DETAIL NOTES ON ALL FUNDS (CONTINUED)**

**B. Liabilities (Continued)**

**I. Pension Plans (Continued)**

**Payables and Pension Plan (Continued)**

For ERS, employer contributions are paid annually based on the System’s fiscal year, which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2021 based on paid ERS covered wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$329,058. 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 life 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, 2021, the following employees were covered by the benefit terms:

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

**B. Total OPEB Liability**

The District’s total OPEB liability of \$178,013,942 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs* - The total OPEB liability in the June 30, 2021 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	2.16 percent
Healthcare Cost Trend Rates	5.3 percent for 2021, decreasing to an ultimate rate of 4.1 percent over 55 years.

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

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

**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, 2020	\$ <u>155,116,792</u>
<u>Changes for the Year -</u>	
Service cost	7,253,277
Interest	3,538,505
Effect of demographic gains and losses	1,565,176
Effect of assumption changes or inputs	15,078,410
Benefit payments	<u>(4,538,218)</u>
Net Changes	<u>22,897,150</u>
Balance at June 30, 2021	\$ <u>178,013,942</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>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ <u>213,500,621</u>	\$ <u>178,013,942</u>	\$ <u>150,356,381</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>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ <u>146,140,040</u>	\$ <u>178,013,942</u>	\$ <u>220,647,269</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$8,936,382.

At June 30, 2021, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 1,390,386	\$ (13,183,212)
Changes in assumptions	<u>31,058,859</u>	<u>(22,255,285)</u>
	\$ <u>32,449,245</u>	\$ <u>(35,438,497)</u>

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

**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
2022	\$ (1,855,400)
2023	(1,855,400)
2024	(1,855,400)
2025	(1,855,400)
2026	406,053
Thereafter	4,026,295
	<u>\$ (2,989,252)</u>

**III. Indebtedness**

**1. Short-Term Debt**

Transactions in short-term debt related to bond anticipation notes for the year ended June 30, 2021:

<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)	\$ -
06/10/20	1.50%	16,588,400	-	(16,588,400)	-
06/03/21	1.50%	-	21,000,000	-	21,000,000
06/03/21	0.20%	-	5,000,000	-	5,000,000
		<u>\$ 17,600,076</u>	<u>\$ 26,000,000</u>	<u>\$ (17,600,076)</u>	<u>\$ 26,000,000</u>

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

Interest paid	\$ 262,294
Less interest accrued in the prior year	(23,604)
Less amortization of BAN premium	(266,805)
Plus interest accrued in the current year	15,812
Total Expense (Benefit)	<u>\$ (12,303)</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 \$2,253,018 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, 2021

**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	\$ 2,253,018
Less interest accrued in the prior year	(279,757)
Less amortization of bond premium	(564,547)
Plus interest accrued in the current year	<u>247,815</u>
Total Expense	<u><u>\$ 1,656,529</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, 2021 are summarized as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
Due to Workers' Compensation Plan	\$ 3,637,896	\$ -	\$ 2,146,607	\$ 1,491,289
Bonds	49,115,000	17,293,400	5,420,000	60,988,400
Unamortized Bond Premium	4,998,285	325,868	564,547	4,759,606
Compensated Absences	3,735,688	143,441	-	3,879,129
Other Postemployment Benefits	155,116,792	22,897,150	-	178,013,942
Pension Liability	<u>6,230,409</u>	<u>-</u>	<u>468,961</u>	<u>5,761,448</u>
	<u><u>\$ 222,834,070</u></u>	<u><u>\$ 40,659,859</u></u>	<u><u>\$ 8,600,115</u></u>	<u><u>\$ 254,893,814</u></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, 2021

**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, 2021</u>
School Construction Bonds, 2012	Serial Bond	06/14/12	06/15/27	1.30 - 4.35%	\$ 2,305,000
Bond Authorization Series, 2014	Serial Bond	07/12/14	06/15/29	2.00 - 5.00%	25,930,000
School District Refunding Bonds, 2015	Serial Bond	03/31/15	07/01/28	2.00 - 5.00%	8,605,000
Government-wide Renovations, Bonds, 2016	Serial Bond	06/15/16	06/15/31	2.00 - 5.00%	5,385,000
School District Refunding Bonds, 2017	Serial Bond	11/09/17	06/15/25	4.00 - 5.00%	1,470,000
Community Schools Bonds, 2021	Serial Bond	10/22/20	10/15/35	1.66%	1,000,000
District Reconstruction Bonds, 2021	Serial Bond	6/01/21	06/01/36	2.00%	<u>16,293,400</u>
Total					<u>\$ 60,988,400</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 6,223,400	\$ 2,373,110
2023	6,490,000	2,105,956
2024	5,990,000	1,819,510
2025	6,240,000	1,565,146
2026	6,515,000	1,296,407
2027-2031	23,200,000	2,629,764
2032-2036	<u>6,330,000</u>	<u>380,934</u>
Total	<u>\$ 60,988,400</u>	<u>\$ 12,170,827</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 Workers' Compensation Consortium ("Consortium"). The Consortium is a claims-servicing public entity risk pool which began operations in July 1985. The Consortium was formed by participating school districts and Questar III. The purpose of the Consortium is to operate a plan to provide the employees of the participants with worker's compensation benefits and the participants with centralized administration and insurance covering job-connected disabilities including the cost of medical treatment. The Consortium was accepted as a self-insurer by the State of New York Workers' Compensation Board effective July 1, 1985. The Consortium has a stop loss policy to protect participants from unusually high claims.

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, 2021 there were 18 participating members from Rensselaer, Columbia and Greene Counties in New York State, including Questar III. The amount held by the Consortium on behalf of the District at June 30, 2021 was \$2,334,270, with an actuarial liability of \$3,825,565 resulting in an estimated liability for self-insured workers' compensation claims of \$1,491,289 at June 30, 2021. The general fund reserve for workers' compensation in the amount of \$1,491,289 has been subsequently removed from the Balance Sheet and recorded on the Statement of Net Position (Deficit) as a long-term liability. Payments made to the Consortium for the year ended June 30, 2021 were \$2,157,678.

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

	<u>2021</u>	<u>2020</u>
Unpaid claims, self-insured workers compensation plan, beginning of year	\$ (3,637,896)	\$ (3,137,896)
Net claims and expenses	(11,071)	(1,502,860)
Payments made	<u>2,157,678</u>	<u>1,002,860</u>
Unpaid claims, self-insured workers compensation plan, end of year	<u>\$ (1,491,289)</u>	<u>\$ (3,637,896)</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, 2021, the District has exhausted approximately 96% 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, 2025
CSEA, LOCAL 1000 AFSCME, AFL - C10	June 30, 2024
UPSEU	June 30, 2025
Troy Teachers' Association	June 30, 2025

**E. *Tax Abatement Agreements***

The County 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 \$5,242,355. The District received payment in lieu of tax (PILOT) payments totaling \$1,986,696 for the year ended June 30, 2021.

**F. *Prior Defeasance of Debt***

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

**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, 2021

**SUPPLEMENTAL SCHEDULE #1**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<b>Favorable (Unfavorable) Budget Variance</b>
Revenues and Other Financing Sources:				
Local Sources:				
Real property taxes	\$ 34,741,094	\$ 34,741,094	\$ 34,711,010	\$ (30,084)
Other tax items	4,975,000	4,975,000	5,253,364	278,364
Nonproperty taxes	1,250,000	1,250,000	1,399,800	149,800
Charges for service	730,000	730,000	645,098	(84,902)
Use of money and property	111,000	111,000	13,704	(97,296)
Sale of property and compensation for loss	51,000	51,000	60,536	9,536
Miscellaneous	420,000	420,500	1,371,642	951,142
Interfund revenues and operating transfers	<u>350,000</u>	<u>350,000</u>	<u>104,695</u>	<u>(245,305)</u>
Total Local Sources	42,628,094	42,628,594	43,559,849	931,255
State sources	67,239,810	67,239,810	65,306,238	(1,933,572)
Federal sources	-	-	2,257,267	2,257,267
Medicaid reimbursement	275,000	275,000	140,178	(134,822)
Interest subsidy - Build American Bonds	<u>108,471</u>	<u>108,471</u>	<u>108,471</u>	<u>-</u>
Total Revenues	110,251,375	110,251,875	\$ 111,372,003	\$ 1,120,128
Other Financing Sources:				
Appropriated fund balance	<u>3,400,000</u>	<u>6,935,542</u>		
Total Revenues and Other Financing Sources	<u>\$ 113,651,375</u>	<u>\$ 117,187,417</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, 2021

**SUPPLEMENTAL SCHEDULE #1 (CONTINUED)**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<b>Favorable (Unfavorable) Budget Variance</b>
Expenditures:					
General Support:					
Board of education	\$ 79,000	\$ 79,755	\$ 42,598	\$ 560	\$ 36,597
Central administration	295,038	297,012	293,929	-	3,083
Finance	887,373	979,314	897,040	18,088	64,186
Staff	791,718	931,718	640,117	196,574	95,027
Central services	9,087,337	9,570,381	8,461,975	831,060	277,346
Special items	<u>1,676,241</u>	<u>1,692,243</u>	<u>1,713,497</u>	<u>-</u>	<u>(21,254)</u>
Total General Support	<u>12,816,707</u>	<u>13,550,423</u>	<u>12,049,156</u>	<u>1,046,282</u>	<u>454,985</u>
Instruction:					
Instruction, administration and improvement	3,964,076	4,199,409	3,851,772	88,945	258,692
Teaching - regular school	30,246,575	32,017,851	28,571,486	1,082,589	2,363,776
Programs for children with handicapping conditions	18,065,697	18,023,104	16,631,105	191,084	1,200,915
Programs for English language learners	406,950	409,950	153,135	-	256,815
Occupational education	878,800	1,030,634	1,024,669	9,075	(3,110)
Teaching - special school	696,321	294,000	213,181	-	80,819
Employment prep - BOCES	-	110,000	99,886	-	10,114
Instructional media	1,225,121	2,631,030	1,651,450	91,503	888,077
Pupil services	<u>4,062,936</u>	<u>4,338,207</u>	<u>3,687,724</u>	<u>22,500</u>	<u>627,983</u>
Total Instruction	<u>59,546,476</u>	<u>63,054,185</u>	<u>55,884,408</u>	<u>1,485,696</u>	<u>5,684,081</u>
Other:					
Pupil transportation	6,966,389	7,390,229	5,815,780	100,850	1,473,599
Community service	1,500	1,500	-	-	1,500
Employee benefits	24,801,577	23,672,354	20,413,168	12,286	3,246,900
Debt service	<u>9,253,726</u>	<u>9,253,726</u>	<u>7,935,312</u>	<u>-</u>	<u>1,318,414</u>
Total Other	<u>41,023,192</u>	<u>40,317,809</u>	<u>34,164,260</u>	<u>113,136</u>	<u>6,040,413</u>
Total Expenditures	113,386,375	116,922,417	102,097,824	2,645,114	12,179,479
Other Financing Uses:					
Transfers to other funds	<u>265,000</u>	<u>265,000</u>	<u>662,235</u>	<u>-</u>	<u>(397,235)</u>
Total Expenditures and Other Financing Uses	<u>\$ 113,651,375</u>	<u>\$ 117,187,417</u>	<u>102,760,059</u>	<u>\$ 2,645,114</u>	<u>\$ 11,782,244</u>
Net Changes in Fund Balance			<u>\$ 8,611,944</u>		

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**  
**SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFIT PLANS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**SUPPLEMENTAL SCHEDULE #2**

Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability:				
Service cost	\$ 7,253,277	\$ 4,591,827	\$ 7,294,003	\$ 6,914,141
Interest	3,538,505	4,469,500	5,389,122	5,131,733
Effect of demographic gains or losses	1,565,176	-	(21,598,029)	-
Effect of assumption changes or inputs	15,078,410	24,973,462	(36,460,786)	-
Differences between expected and actual experience in the measurement of total OPEB liability	-	-	-	51,728
Benefit payments	<u>(4,538,218)</u>	<u>(4,017,797)</u>	<u>(3,708,450)</u>	<u>(4,084,418)</u>
Net change in total OPEB liability	22,897,150	30,016,992	(49,084,140)	8,013,184
Total OPEB liability, beginning of year	<u>155,116,792</u>	<u>125,099,800</u>	<u>174,183,940</u>	<u>166,170,756</u>
Total OPEB liability, end of year	<u>\$ 178,013,942</u>	<u>\$ 155,116,792</u>	<u>\$ 125,099,800</u>	<u>\$ 174,183,940</u>
Covered payroll	<u>\$ 36,325,139</u>	<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>490.06%</u>	<u>440.71%</u>	<u>355.43%</u>	<u>476.26%</u>

Note: 10 years of historical information was not be available upon implementation. 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, 2021**

**SUPPLEMENTAL SCHEDULE #3**

<u>TRS</u>	<u>June 30, 2020</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)	\$ (5,737,526)	\$ 5,339,954	\$ 3,797,449	\$ 1,591,127	\$ (2,228,857)	\$ 21,677,739	\$ 22,434,544
Covered payroll	\$ 32,956,220	\$ 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	(17.4%)	15.2%	11.1%	4.6%	(6.6%)	66.3%	73.3%
Plan fiduciary net position as a percentage of total pension asset	97.80%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
<u>ERS</u>	<u>March 31, 2021</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	\$ 23,922	\$ 6,230,409	\$ 1,703,536	\$ 763,026	\$ 2,222,917	\$ 3,837,028	\$ 810,005
Covered payroll	\$ 7,136,523	\$ 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	0.3%	88.5%	24.5%	11.3%	35.6%	63.0%	12.9%
Plan fiduciary net position as a percentage of total pension liability	99.95%	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, 2021*

**SUPPLEMENTAL SCHEDULE #4**

<u>TRS</u>	<u>June 30, 2020</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	\$ 3,122,467	\$ 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>3,122,467</u>	<u>3,643,513</u>	<u>3,667,723</u>	<u>4,190,000</u>	<u>4,556,697</u>	<u>5,781,619</u>	<u>5,086,335</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 32,956,220	\$ 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	9.5%	10.3%	10.7%	12.0%	13.5%	17.7%	16.6%
<u>ERS</u>	<u>March 31, 2021</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	\$ 956,945	\$ 979,501	\$ 952,546	\$ 937,681	\$ 1,035,853	\$ 1,150,543	\$ 1,332,650
Contributions in relation to the contractually required contribution	<u>956,945</u>	<u>979,501</u>	<u>952,546</u>	<u>937,681</u>	<u>1,035,853</u>	<u>1,150,543</u>	<u>1,332,650</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,136,523	\$ 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	13.4%	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, 2021*

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**SUPPLEMENTAL SCHEDULE #5**

**Change from Adopted Budget to Revised Budget**

Adopted Budget	\$ 113,651,375
Add: Prior Year's Encumbrances	<u>3,535,042</u>
Original Budget	117,186,417
Budget Revision - Gifts and Donations	<u>1,000</u>
Final Budget	<u>\$ 117,187,417</u>

**Section 1318 of Real Property Tax Law Limit Calculation**

2021-22 expenditure budget	\$ 115,293,164
Maximum allowed 4% of 2021-22 budget	<u>\$ 4,611,726</u>

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

Unrestricted fund balance:	
Assigned fund balance	\$ 6,045,114
Unassigned fund balance	<u>18,723,790</u>
Total unrestricted fund balance	<u>24,768,904</u>

Less:	
Appropriated fund balance	3,400,000
Encumbrances included in assigned fund balance	<u>2,645,114</u>
Total adjustments	<u>6,045,114</u>

General Fund Fund Balance Subject to §1318 of Real Property Tax Law	<u>\$ 18,723,790</u>
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Actual percentage	<u>16.24%</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, 2021**

**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, 2021</u>
		<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Unexpended (Overexpended) 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	22,250,858	1,099,120	23,349,978	(49,978)	16,508,400	-	6,500,000	23,008,400	(341,578)
Emergency Pool Project	0011-029	500,000	650,000	649,063	-	649,063	937	-	-	500,000	500,000	(149,063)
PS 2 Community Schools	0002-010	1,200,000	1,300,000	1,197,230	-	1,197,230	102,770	1,000,000	-	260,109	1,260,109	62,879
High School Roof	0011-031	3,850,000	3,850,000	1,720,128	519,680	2,239,808	1,610,192	-	-	577,500	577,500	(1,662,308)
Emergency Gym Roof	0011-031	1,500,000	1,500,000	987,512	70,732	1,058,244	441,756	-	-	1,500,000	1,500,000	441,756
Building Modernization Project	1	56,000,000	56,000,000	1,775,536	2,198,321	3,973,857	52,026,143	-	-	3,922,500	3,922,500	(51,357)
Capital Outlay Project	0011-032	100,000	200,000	8,866	140,536	149,402	50,598	-	-	200,000	200,000	50,598
PS 14 Exterior Repair	009-007	100,000	75,000	-	71,546	71,546	3,454	-	-	-	-	(71,546)
High School Classroom	0011-035	500,000	500,000	-	-	-	500,000	-	-	500,000	500,000	500,000
<b>Total</b>		<u>\$ 87,474,100</u>	<u>\$ 87,799,100</u>	<u>\$ 28,958,017</u>	<u>\$ 4,099,935</u>	<u>\$ 33,057,952</u>	<u>\$ 54,741,148</u>	<u>\$ 17,508,400</u>	<u>\$ -</u>	<u>\$ 14,384,209</u>	<u>\$ 31,892,609</u>	<u>\$ (1,165,343)</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, 2021

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**SUPPLEMENTAL SCHEDULE #7**

<b>Capital Assets, Net</b>			\$ 131,378,971
<b>Deduct:</b>			
Short-term portion of bonds and bond anticipation notes payable	\$ 32,223,400		
Long-term portion of bonds payable	54,765,000		
Unamortized bond premium	4,759,606		
Less: unspent cash, capital projects	<u>(26,780,716)</u>		<u>64,967,290</u>
<b>Investment in Capital Assets, Net of Related Debt</b>			<u>\$ 66,411,681</u>

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

**SUPPLEMENTAL SCHEDULE #8**

	<u>Special Aid</u>	<u>School Food Service</u>	<u>Other Special Revenues</u>	<u>Debt Service</u>	<u>Total Non-Major Funds</u>
<b>Current Assets:</b>					
Cash					
Unrestricted	\$ 667,287	\$ 2,190,481	\$ 368,048	\$ -	\$ 3,225,816
Restricted	-	-	-	4,862,108	4,862,108
Receivables					
Due from other funds	495,518	-	-	593,105	1,088,623
State and federal aid	5,843,592	373,380	-	-	6,216,972
Inventories	-	62,577	-	-	62,577
Total Assets	<u>\$ 7,006,397</u>	<u>\$ 2,626,438</u>	<u>\$ 368,048</u>	<u>\$ 5,455,213</u>	<u>\$ 15,456,096</u>
<b>Current Liabilities:</b>					
Accounts payable	\$ 444,114	\$ 320,298	\$ -	\$ -	\$ 764,412
Due to other funds	6,470,947	-	-	-	6,470,947
Due to other governments	-	654	-	-	654
Unearned revenue	91,336	-	-	-	91,336
Total Liabilities	<u>7,006,397</u>	<u>320,952</u>	<u>-</u>	<u>-</u>	<u>7,327,349</u>
<b>Fund Balance:</b>					
Nonspendable:					
Inventories	-	62,577	-	-	62,577
Restricted for:					
Debt service	-	-	-	5,455,213	5,455,213
Assigned for:					
Food service	-	2,242,909	-	-	2,242,909
Other special revenue	-	-	368,048	-	368,048
Total Fund Balance	<u>-</u>	<u>2,305,486</u>	<u>368,048</u>	<u>5,455,213</u>	<u>8,128,747</u>
Total Liabilities and Fund Balance	<u>\$ 7,006,397</u>	<u>\$ 2,626,438</u>	<u>\$ 368,048</u>	<u>\$ 5,455,213</u>	<u>\$ 15,456,096</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, 2021

**SUPPLEMENTAL SCHEDULE #9**

	<u>Special Aid</u>	<u>School Food Service</u>	<u>Other Special Revenue</u>	<u>Debt Service</u>	<u>Total Non-Major Funds</u>
<b>Revenues:</b>					
Use of money and property	\$ -	\$ -	\$ -	\$ 8,652	\$ 8,652
State sources	2,702,825	61,525	-	-	2,764,350
Sales	-	1,071	-	-	1,071
Miscellaneous	-	1,500	45,588	-	47,088
Federal sources	<u>5,083,524</u>	<u>1,867,346</u>	<u>-</u>	<u>-</u>	<u>6,950,870</u>
Total Revenues	<u>7,786,349</u>	<u>1,931,442</u>	<u>45,588</u>	<u>8,652</u>	<u>9,772,031</u>
<b>Expenditures:</b>					
General support	69,478	-	-	-	69,478
Instruction	7,879,106	-	39,092	-	7,918,198
Cost of sales	<u>-</u>	<u>2,115,575</u>	<u>-</u>	<u>-</u>	<u>2,115,575</u>
Total Expenditures	<u>7,948,584</u>	<u>2,115,575</u>	<u>39,092</u>	<u>-</u>	<u>10,103,251</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(162,235)</u>	<u>(184,133)</u>	<u>6,496</u>	<u>8,652</u>	<u>(331,220)</u>
<b>Other Financing Sources:</b>					
Operating Transfers In	162,235	-	-	-	162,235
Net Premium on BAN Issuance	<u>-</u>	<u>-</u>	<u>-</u>	<u>592,673</u>	<u>592,673</u>
Total Other Financing Sources	<u>162,235</u>	<u>-</u>	<u>-</u>	<u>592,673</u>	<u>754,908</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	-	(184,133)	6,496	601,325	423,688
Fund Balance, Beginning of Year	<u>-</u>	<u>2,489,619</u>	<u>361,552</u>	<u>4,853,888</u>	<u>7,705,059</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 2,305,486</u>	<u>\$ 368,048</u>	<u>\$ 5,455,213</u>	<u>\$ 8,128,747</u>

**ENLARGED CITY SCHOOL DISTRICT, TROY, NEW YORK**  
*COMBINING BALANCE SHEET*  
*OTHER SPECIAL REVENUE FUNDS*  
*FOR THE YEAR ENDED JUNE 30, 2021*

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**SUPPLEMENTAL SCHEDULE #10**

	<b>Extraclassroom Activity Funds</b>	<b>Scholarship Fund</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash	<u>\$ 57,104</u>	<u>\$ 310,944</u>	<u>\$ 368,048</u>
<b>FUND BALANCE:</b>			
Assigned	<u>\$ 57,104</u>	<u>\$ 310,944</u>	<u>\$ 368,048</u>

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - OTHER SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

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**SUPPLEMENTAL SCHEDULE #11**

	<b>Extraclassroom Activity Funds</b>	<b>Scholarship Fund</b>	<b>Total</b>
<b>REVENUES:</b>			
Contributions	\$ 34,575	\$ 10,863	\$ 45,438
Interest	<u>-</u>	<u>150</u>	<u>150</u>
Total Revenues	34,575	11,013	45,588
<b>EXPENDITURES:</b>			
Program Expense	<u>26,237</u>	<u>12,855</u>	<u>39,092</u>
Excess (Deficiency) of Revenue Over Expenditures	8,338	(1,842)	6,496
Fund Balance, Beginning of Year	<u>48,766</u>	<u>312,786</u>	<u>361,552</u>
Fund Balance, End of Year	<u>\$ 57,104</u>	<u>\$ 310,944</u>	<u>\$ 368,048</u>

**FEDERAL AWARD PROGRAM INFORMATION**

**CUSACK & COMPANY**  
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MEMBERS OF:  
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, 2021, 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 3, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of financial statement findings as items 2021-1 through 2021-3 that we consider to be significant deficiencies.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of financial statement findings as items 2021-1 through 2021-3.

## **District's Response to Findings**

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

## **Purpose of this Report**

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



**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
November 3, 2021



**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, 2021. 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, 2021.

## ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of federal award findings and questioned costs as items 2021-1 and 2021-2. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of federal award findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control over Compliance**

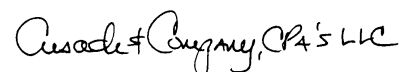
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of federal awards findings and questioned costs as items 2021-1 and 2021-2, that we consider to be significant deficiencies.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the audit procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
November 3, 2021

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

*SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*

*FOR THE YEAR ENDED JUNE 30, 2021*

<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	0021-21-2530	-	\$ 1,246,087
ESEA Title I	84.010	0021-20-2530	-	533,756
Title I School Improvement	84.010	0011-21-2194	-	58,907
Title I School Improvement	84.010	0011-20-2194	-	114,483
Title I School Improvement	84.010	0011-21-2794	-	183,675
Title I Delinquent Facilities	84.010	0016-21-2530	-	8,751
Title I Delinquent Facilities	84.010	0016-20-2530	-	4,182
Total CFDA #84.010			-	<u>2,149,841</u>
Special Education Cluster (IDEA)				
IDEA, Part B, Section 611	84.027	0032-21-0760	-	1,250,625
IDEA, Part B, Section 619	84.173	0033-21-0760	-	83,814
Total Special Education Cluster (IDEA)			-	<u>1,334,439</u>
Career and Technical Education	84.048	0639-21-1014	-	305,789
School Safety National Activities	84.184	0478-21-1016	-	115,968
Title VII - Education for Homeless Children and Youth	84.196	0212-21-3034	-	57,902
Title VII - Education for Homeless Children and Youth	84.196	0212-21-3072	-	29,348
Total CFDA #84.196			-	<u>87,250</u>
Twenty First Century Community Learning	84.287	0187-21-7120	-	649,688
Title III - Part A, LEP	84.365	0293-21-2530	-	4,569
Title III - Part A, LEP	84.365	0293-20-2530	-	4,295
Total CFDA #84.365			-	<u>8,864</u>
Title II - Part A - Teaching and Principal Training	84.367	0147-21-2530	-	212,262
Title II - Part A - Teaching and Principal Training	84.367	0147-20-2530	-	55,499
Total CFDA #84.367			-	<u>267,761</u>
Title IV - Student Support and Academic Enrichment Program	84.424	0204-21-2530	-	121,026
Title IV - Student Support and Academic Enrichment Program	84.424	0204-20-2530	-	24,774
Total CFDA #84.424			-	<u>145,800</u>
Governor's Emergency Education Relief (GEER) Fund (COVID 19)	84.425C	Not Applicable	-	327,720
Elementary and Secondary School Emergency Relief (ESSER) Fund (COVID 19)	84.425D	Not Applicable	-	1,929,547
			-	<u>2,257,267</u>
Disaster Recovery Assistance for Education	84.938	0084-19-2530	-	1,378
Total U.S. Department of Education			-	<u>7,324,045</u>
<u>U.S. Department of Agriculture</u>				
Child Nutrition Cluster				
Summer Food Service Program for Children	10.559	-	-	1,717,856
Food Surplus	10.555	-	-	149,490
Total Child Nutrition Cluster			-	<u>1,867,346</u>
Child Nutrition Discretionary Grants	10.579	-	-	16,746
Total U.S. Department of Agriculture			-	<u>1,884,092</u>
Total Federal Assistance			\$ -	<u>\$ 9,208,137</u>

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

*NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*

*FOR THE YEAR ENDED JUNE 30, 2021*

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**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 #10.555/10.559 Child Nutrition Program	\$ 1,867,346
CFDA #84.027 Special Education - Grants to States (IDEA, Part B)	1,250,625
CFDA #84.173 Special Education - Preschool Grants (IDEA, Preschool)	83,814
CFDA #84.010 Title I Grants to Local Educational Agencies	<u>2,149,841</u>
Total	<u>\$ 5,351,626</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, 2021, the School District received food commodities totaling \$149,490.

**5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

Federal Aid per Financial Statements	\$ 9,348,315
Less: Federal Medicaid and Other Federal Receipts	<u>(140,178)</u>
Total Federal Assistance	<u>\$ 9,208,137</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 established by New York State.

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**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    No
- Significant deficiency(ies) identified?    Yes  None reported
- Noncompliance material to financial statements noted? \_\_\_ Yes    No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_ Yes    No
- Significant deficiency(ies) identified?    Yes  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  No   

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Clusters</i>
84.027/84.173	Special Education Cluster (IDEA)
84.425C	Governor's Emergency Education Relief (GEER) Fund (COVID-19)
84.425D	Elementary and Secondary School Emergency Relief (ESSER) Fund (COVID-19)

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

Auditee qualified as low-risk auditee?    Yes  No   

**SECTION II — FINANCIAL STATEMENT FINDINGS**

See page 72 for current year financial statement findings.

**SECTION III — FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

See page 73 for federal award findings and questioned costs.

**SECTION IV — RESOLUTION OF PRIOR YEAR AUDIT FINDINGS**

See page 74 for results of prior year audit findings.

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

*FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021*

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For the year ended June 30, 2021, we have identified the following conditions we deem to be Significant Deficiencies.

Reference Number 2021-1: General condition of the accounting records

During our audit we noted that several late changes were made to the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit) reports to properly adjust certain accounts. These late adjustments, while initiated by District accounting staff, caused significant delays in the audit process. As part of our audit we also noted several accounts for which we proposed, passed on or manually re-classified adjustments to the financial statements. In particular we proposed material adjustments to the Capital Projects and Special Aid Funds' accounts payable and related expenditure accounts. We recommend that management assess the current administrative burden of the accounting staff and determine where additional assistance would be most beneficial.

Management's Response to Finding 2021-1 (Corrective Action Plan)

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

Reference Number 2021-2: Special Aid expenditures

During our audit of the special aid fund we noted that a material amount of open purchase orders (encumbrances) were recorded as accounts payable in the accounting system. We discussed the situation with management who represented that several factors caused the late ordering of equipment, supplies and other materials such as back orders due to COVID-19 shortages and also internal delays due to the potential reduction in current year State Aid. While this finding did not materially involve compliance over major federal programs, we consider this to be a significant deficiency of federally funded programs in aggregate. We reiterated to management that unless legal title of goods has transferred or services were performed, these items would not qualify as expenditures and payables under GAAP. We proposed entries to correct the errors noted above and recommend a policy is implemented to provide adequate time to transfer legal title of goods. For example the District could implement a policy that all goods are ordered no later than May 15<sup>th</sup> of the current year to ensure all items are received before year end.

Management's Response to Finding 2021-2 (Corrective Action Plan)

Management has already implemented an informal procedure to ensure that all items are properly ordered to be included in year-end expenditures and accounts payable. Management has also reiterated to all employees that open purchase orders cannot be recorded as accounts payable unless they qualify as expenditures under GAAP.

Reference Number 2021-3: Prior year findings

For the fiscal year ending June 30, 2020 we made recommendations to management which are detailed on Page 74 and do not appear to have been implemented by management. We recommend that management implement a policy to address any audit findings in a timely manner and adopt policies to correct any deficiencies.

Management's Response to Finding 2021-3 (Corrective Action Plan)

Management will implement all current and prior year recommendations via additional management oversight or accounting/finance department help.

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

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For the year ended June 30, 2021, we selected the following as major programs for the Enlarged City School District of Troy's (the "District") Single Audit:

CFDA# 84.027/84.173 – Special Education Cluster (IDEA)  
84.425C – Governor's Emergency Education Relief (GEER) Fund (COVID-19)  
84.425D – Elementary and Secondary School Emergency Relief (ESSER) Fund (COVID-19)

**Significant Deficiencies:**

Reference Number 2021-1: General condition of the accounting records

**Criteria:** The District's records must be kept in accordance with Generally Accepted Accounting Principles (GAAP).

**Condition:** During our audit we noted that several late changes were made to the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit) reports to properly adjust certain accounts.

**Cause:** Unknown

**Effect:** These late adjustments, while initiated by District accounting staff, caused significant delays in the audit process. As part of our audit we also noted several accounts for which we proposed, passed on or manually re-classified adjustments to the financial statements. In particular we proposed material adjustments to the Capital Projects and Special Aid Funds' accounts payable and related expenditure accounts.

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

**Management's Response to Finding 2021-1 (Corrective Action Plan)**

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

Reference Number 2021-2: Special Aid expenditures

**Criteria:** The District's records must be kept in accordance with Generally Accepted Accounting Principles (GAAP).

**Condition:** During our audit of the special aid fund we noted that a material amount of open purchase orders (encumbrances) were made into accounts payable in the accounting system.

**Cause:** We discussed the situation with management who represented that several factors caused the late ordering of equipment, supplies and other materials such as back orders due to COVID-19 shortages and also internal delays due to the potential reduction in current year State Aid.

**Effect:** While this finding did not materially involve compliance over major federal programs, we consider this to be a significant deficiency of federally funded programs in aggregate. We reiterated to management that unless legal title of goods has transferred or services were performed, these items would not qualify as expenditures and payables under GAAP.

**Recommendation:** We proposed entries to correct the errors noted above and recommend a policy is implemented to provide adequate time to transfer legal title of goods. For example the District could implement a policy that all goods are ordered no later than May 15<sup>th</sup> of the current year to ensure all items are received before year end.

**Management's Response to Finding 2021-2 (Corrective Action Plan)**

Management has already implemented an informal procedure to ensure that all items are properly ordered to be included in year-end expenditures and accounts payable. Management has also reiterated to all employees that open purchase orders cannot be transferred to accounts payable unless they qualify as expenditures under GAAP.

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

*RESOLUTIONS OF PRIOR YEAR AUDIT FINDINGS*

*FOR THE YEAR ENDED JUNE 30, 2021*

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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.

Resolution: This recommendation does not appear to have been properly implemented as several later adjustments were initiated by accounting staff during the audit.

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: This recommendation does not appear to have been properly implemented as management continues to maintain a general fund balance in excess of 4%.



**EXTRACLASSROOM ACTIVITY FUND**

**CUSACK & COMPANY**  
**Certified Public Accountants LLC**  
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MEMBERS OF:  
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, 2021, 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, 2021, 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 3, 2021

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

*EXTRACLASROOM ACTIVITY FUND  
STATEMENT OF ASSETS AND FUND BALANCE  
RESULTING FROM CASH TRANSACTIONS  
JUNE 30, 2021*

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Cash	<u>\$ 57,104</u>
Fund Balance	<u>\$ 57,104</u>

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK****EXTRACLASROOM ACTIVITY FUND****STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS****FOR THE YEAR ENDED JUNE 30, 2021**

<b>Extraclassroom Accounts</b>	<b>Balance June 30, 2020</b>	<b>Receipts 2020-2021</b>	<b>Disbursements 2020-2021</b>	<b>Balance June 30, 2021</b>
Art Club	\$ 1,165	\$ -	\$ 40	\$ 1,125
Drama	11,541	792	750	11,583
Music	2,175	134	382	1,927
Key Club	556	419	731	244
Environmental Action	231	-	100	131
French	583	-	250	333
Italian	596	761	375	982
Spanish	663	-	425	238
Challanger (THS Paper)	94	-	-	94
Dardanian (THS Yearbook)	-	3,283	1,878	1,405
DMS Yearbook	1,078	1,819	1,776	1,121
Math Honor Society	325	50	120	255
Masterminds	2,232	250	1,290	1,192
THS Robotics	850	-	-	850
THS Best Buddies	555	165	75	645
THS Ski Club	512	-	-	512
DMS Ski Club	281	-	-	281
National Honor Society	1,181	-	300	881
Junior National Honor Society	3,884	-	385	3,499
DMS Student Council	207	-	-	207
THS Student Council	17,476	2,290	2,658	17,108
ALP Student Council	720	8,471	5,677	3,514
Junior/Senior Class	1,765	15,949	8,761	8,953
NYS Sales Tax	96	192	264	24
Total	<u>\$ 48,766</u>	<u>\$ 34,575</u>	<u>\$ 26,237</u>	<u>\$ 57,104</u>

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

*EXTRAClassroom Activity Fund*

*NOTES TO FINANCIAL STATEMENTS*

*JUNE 30, 2021*

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**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 Other Special Revenue 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:  
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, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the 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, 2021. Professional standards also require that we communicate to you the following information related to our audit.

#### **SIGNIFICANT AUDIT MATTERS**

##### *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. Except for the adoption of GASB 84, *Fiduciary Activities*, 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. The most sensitive estimate affecting the financial statements were the actuarial assumptions for investment rate of return and annual healthcare cost trends. We evaluated the key factors and assumptions used to develop the investment rate of return and the annual healthcare cost trends in determining that they are reasonable in relation to the financial statements taken as a whole.

##### *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, except as provided in the accompanying communication.

### *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 3, 2021.

### *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.

### *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 supplementary 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 AND PRIOR YEAR RECOMMENDATIONS**

All current and prior year recommendations, management's response and/or resolution are detailed on pages 72-74.

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 3, 2021